



## **RICO AUTO INDUSTRIES LIMITED**

### **FINANCIALS OF SUBSIDIARY COMPANIES FOR THE FY 2015-16**

<b>Sl. No.</b>	<b>Name &amp; Address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of Shares Held</b>
1.	Rico Investments Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurgaon-122001, Haryana	U65923HR2015PLC054211	Subsidiary	96.05% (Both Equity & Preference)
2.	AAN Engineering Industries Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurgaon-122001, Haryana	U28112HR2010PLC039941	Subsidiary	100%
3.	Uttarakhand Automotives Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurgaon-122001, Haryana	U29253HR2007PLC036910	Subsidiary	100%
4.	Rico Auto Industries Inc., USA 6338, Sashabaw Road, Clarkston, Michigan 48346 USA	Foreign Company Registration No. : 510411449	Subsidiary	100%
5.	Rico Auto Industries (UK) Ltd. Unit 1, Lewis House, 99 Victoria Road, London - NW106DJ, UK	Foreign Company Registration No.: 04975219 (England and Wales)	Subsidiary	100%
6.	Rasa Autocom Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurgaon-122001, Haryana	U74120HR2007PLC037192	Step-down Subsidiary	100%
7.	Rico Aluminium and Ferrous Auto Components Limited (formerly known as RAA Autocom Limited) 38 K.M. Stone, Delhi-Jaipur Highway, Gurgaon-122001, Haryana	U34300HR2008PLC037956	Step-down Subsidiary	100%
8.	Rico Jinfei Wheels Limited 38 K.M. Stone, Delhi-Jaipur Highway, Gurgaon-122001, Haryana	U34200HR2007PLC037021	Step-down Subsidiary	93.49%

# **RICO INVESTMENTS LIMITED**

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## **Board of Directors**

Shri Naresh Kumar Sethi - Chairman  
Shri Om Prakash Aggarwal - Managing Director  
Shri Arvind Kapur  
Shri Amarjit Chopra  
Shri Arun Gupta  
Ms. Sandeep Kaur Riat  
Shri Gurparkash Singh Miglani  
Shri Surendra Singh  
Shri Sanjay Syal

## **Chief Financial Officer**

Shri Parveen Kumar Garg

## **Company Secretary**

Shri Jagdish Chand Dwivedi

## **Auditors**

Budhraj Adlakha & Co.  
Chartered Accountants  
(Firm Registration No.005154N)  
New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurgaon-122001, Haryana (India)



**INDEPENDENT AUDITOR'S REPORT**

TO

THE BOARD OF DIRECTORS

RICO INVESTMENTS LIMITED  
38 KM STONE DELHI JAIPUR HIGHWAY  
GURGAON, HARYANA

**Report on Special Purpose Financial Statements**

1. This report is issued in accordance with the terms of our engagement letter dated 01<sup>st</sup> April 2016.
2. We have audited the accompanying financial statements of **RICO INVESTMENTS LIMITED** ('the Company'), which comprise the Balance Sheet as at **March 31, 2016**, and the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

3. The Company's management is responsible for the preparation of these special purpose financial statements in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to



design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

7. Based on our audit, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit,
- b) The Balance sheet, statement of Profit and Loss and cash flow statement dealt with by this report are in agreement with the books of account
- c) In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2016;
  - (b) in the case of the Statement of Profit and Loss , the Profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, the cash flows for the year ended on that date.

#### **Emphasis of Matter – Basis of Preparation**

8. We draw attention to Note 2 to the special audit financial statements, which describes the basis of its preparation. The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are not considered relevant by the Management and the intended users of the special purpose financial statements, for the purposes for which those have been prepared. Our opinion is not qualified in respect of this matter.

#### **Other Matter**

9. The special purpose financial statements dealt with by this report , have been prepared for the express purpose of and use of management and the Board of Directors in their preparation of the consolidated Financial Statements of the Parent Company. The consolidated financial statements of the Parent Company are required to be audited in order to comply with Regulation 33 of the SEBI (Listing Obligations and disclosure requirements) Regulations 2015.

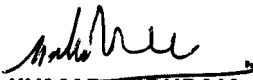


**Restriction on Use**

10. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purpose set out in paragraph 9 above. This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Budhraj Adlakha & Co. neither accepts nor assumes any duty, responsibility or Liability to any other party or for any other purpose.

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



  
CA NALIN KUMAR BUDHRAJA  
(Partner)  
Memb. No.: 084310

Place: Gurgaon  
Date: 18<sup>th</sup> May 2016

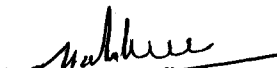
**RICO INVESTMENTS LIMITED**  
**Balance Sheet as at 31st March 2016**

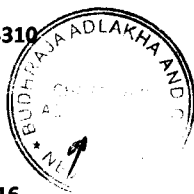
	Note No.	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	9370,00,000	9370,00,000
(b) Reserve & Surplus	4	137,21,406	-73,39,344
		<b>9507,21,406</b>	<b>9296,60,656</b>
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	5	2500,00,000	-
(b) Other Long-Term Liabilities	6	51,155	-
(c) Long-Term Provisions	7	95,297	11,899
		<b>2501,46,452</b>	<b>11,899</b>
<b>(3) CURRENT LIABILITIES</b>			
(a) Trade Payables	8	60,946	-
(b) Other Current Liabilities	9	70,11,929	3,78,606
(c) Short-Term Provisions	7	111,78,479	555
		<b>182,51,354</b>	<b>3,79,161</b>
<b>Total</b>		<b>12191,19,212</b>	<b>9300,51,716</b>

<b>ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
<b>(a) Fixed Assets</b>			
(i) Tangible Assets	10	4,23,211	-
(b) Non-Current Investments	11	7350,30,000	5750,30,000
(c) Deferred Tax Assets (net)	12	59,961	18,972
(d) Long-Term Loans & Advances	13	4630,00,000	3446,10,000
		<b>11985,13,172</b>	<b>9196,58,972</b>
<b>(2) CURRENT ASSETS</b>			
(a) Cash and Cash Equivalents	14	29,12,510	98,57,636
(b) Other Current Assets	15	176,93,530	5,35,108
		<b>206,06,040</b>	<b>103,92,744</b>
<b>Total</b>		<b>12191,19,212</b>	<b>9300,51,716</b>

Summary Of Significant Accounting Policies 2.1  
 See Accompanying Notes Forming Part Of The Financial Statements 1-29


As Per Our Report Of Even Date  
 For Budhraj Adlakha & Co.  
 Chartered Accountants  
 Firm Reg. No. 005154N


  
 Nalin Kumar Budhraj  
 (Partner)  
 Membership No. 084310



Place : Gurgaon  
 Dated : 18th May 2016

For And On Behalf Of The Board Of Directors Of  
 Rico Investments Ltd

  
 Om Prakash Aggarwal  
 Managing Director  
 Din: 01537211

  
 Naresh Kumar Sethi  
 Director  
 Din: 00202498

  
 Parveen Garg  
 Chief Financial Officer

  
 Jagdish Chand Dwivedi  
 Company Secretary

**RICO INVESTMENTS LIMITED**

**Statement Of Profit And Loss For Year Ended On 31st March, 2016**

	Note No.	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>INCOME</b>			
Revenue From Operations	16	585,46,546	5,35,108
<b>TOTAL REVENUE</b>	<b>"A"</b>	<b>585,46,546</b>	<b>5,35,108</b>
<b>EXPENSES</b>			
Employee Benefit Expenses	17	29,69,788	4,40,525
Finance Cost	18	212,02,355	-
Other expenses	19	20,55,729	74,52,899
Depreciation	10	1,25,863	-
<b>TOTAL EXPENSES</b>	<b>"B"</b>	<b>263,53,735</b>	<b>78,93,424</b>
<b>Profit / (Loss) before exceptional and extraordinary items and tax (A - B)</b>		<b>321,92,811</b>	<b>-73,58,316</b>
Less: Exceptional items		-	-
<b>Profit / (Loss) before extraordinary items and tax</b>		<b>321,92,811</b>	<b>-73,58,316</b>
Less: Extraordinary items		-	-
<b>Profit / (Loss) before tax</b>		<b>321,92,811</b>	<b>-73,58,316</b>
<b>Less: Tax expense / (Income) :-</b>			
(a) Current Tax		111,73,050	-
Less : MAT Credit Entitlement		-	-
Net Current Tax		-	-
(b) Deferred Tax		-40,989	-18,972
<b>Profit/(Loss) for the Year / period</b>		<b>210,60,750</b>	<b>-73,39,344</b>

**Earnings per equity share [nominal value of share Rs. 10**

**Earnings per share:-**

(a) Basic	0.42	-0.15
(b) Diluted	0.30	-0.15

**Summary Of Significant Accounting Policies**

2.1

The accompanying notes are an integral part of the Financial Statements.

1-29

**As Per Our Report Of Even Date**

**For Budhraj Adlakha & Co.**

**Chartered Accountants**

**Firm Reg. No. 005154N**

*Nalin Kumar Budhraj*  
**Nalin Kumar Budhraj**  
**(Partner)**  
**Membership No. 084310**



**For And On Behalf Of The Board Of Directors Of Rico Investments Ltd**

*Om Prakash Aggarwal*  
**Om Prakash Aggarwal**  
**Managing Director**  
**Din: 01537211**

*Naresh Kumar Sethi*  
**Naresh Kumar Sethi**  
**Director**  
**Din: 00202498**

*Parveen Garg*  
**Parveen Garg**  
**Chief Financial Officer**

*Jagdish Chand Dwivedi*  
**Jagdish Chand Dwivedi**  
**Company Secretary**

Place : Gurgaon

Dated : 18th May 2016

**RICO INVESTMENT LIMITED**  
Statement of Cash Flow for the year ended 31st March, 2016

Particulars	For the year ended 31st March, 2016		For the period ended 31st March, 2015	
	Amount in Rs.		Amount in Rs.	
<b>A. Cash Flow From Operating Activities</b>				
Net Profit / (Loss) Before Tax and Extra-Ordinary Items		321,92,811		-73,58,316
<b>Adjustments for:</b>				
Depreciation and Amortisation Expenses	1,25,863		-	
Loss / (Profit) on Sale of Investments (Non Current)	-	1,25,863	-	-
<b>Operating Profit Before Working Capital Changes</b>		323,18,674		-73,58,316
<b>Adjustments for:</b>				
Increase / (Decrease) in Long Term Provisions	83,398		11,899	
Increase / (Decrease) in Other Long Term Liabilities	51,155		-	
Increase / (Decrease) in Short Term Provisions	4,874		555	
Increase / (Decrease) in Other Current Liabilities	66,33,323		3,78,606	
Increase / (Decrease) in Trade Payables	60,946		-	
(Increase) / Decrease in Long Term Loans & Advances	-1183,90,000		-3446,10,000	
(Increase) / Decrease in Other Current Assets	-171,58,422	-1287,14,726	-5,35,108	-3447,54,048
<b>Cash Generated From operations</b>		-963,96,052		-3521,12,364
Income Tax Paid / Refunded		-		-
<b>Cash Flow Before Extraordinary Items</b>		-963,96,052		-3521,12,364
Extraordinary Items		-		-
<b>Net Cash From Operating Activities (A)</b>		-963,96,052		-3521,12,364
<b>B. Cash Flow From Investing Activities</b>				
Acquisition of Subsidiaries	-		-150,30,000	
Investments in Subsidiaries	-1600,00,000		-5600,00,000	
Fixed Assets Acquired	-5,49,074		-	
<b>Net Cash used in Investing Activities (B)</b>		-1605,49,074		-5750,30,000
<b>C. Cash Flow From Financing Activities</b>				
Issue Of Equity Capital	-		4970,00,000	
Issue Of Preference Capital	-		4400,00,000	
Long Term Borrowings	2500,00,000		-	
<b>Net Cash from Financing Activities (C)</b>		2500,00,000		9370,00,000
<b>Net Increase in Cash and Cash Equivalents(A+B+C)</b>		-69,45,126		98,57,636
Cash and Cash Equivalents (Opening Balance)		98,57,636		-
<b>Cash and Cash Equivalents (Closing Balance)</b>		<b>29,12,510</b>		<b>98,57,636</b>
<b>Components of cash and cash equivalents</b>				
Cash on Hand		4,055		7,298
<b>With banks-</b>				
<b>On Current Accounts</b>		29,08,455		98,50,338
<b>Total cash and cash equivalents (Note 14)</b>		<b>29,12,510</b>		<b>98,57,636</b>

Summary Of Significant Accounting Policies

2.1

The accompanying notes are an integral part of the Financial Statements.

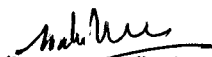
1-29

As Per Our Report Of Even Date

For Budhraj Adlakha & Co.

Chartered Accountants

Firm Reg. No. 005154N

  
Nalin Kumar Budhraj  
(Partner)  
Membership No. 084310



Place : Gurgaon


Dated : 18th May 2016

For And On Behalf Of The Board Of Directors Of

Rico Investments Ltd

  
Om Prakash Aggarwal  
Managing Director  
Din: 01537211

  
Parveen Garg  
Chief Financial Officer

  
Naresh Kumar Sethi  
Director  
Din: 00202498

  
Jagdish Chand Dwivedi  
Company Secretary



# RICO INVESTMENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### Note - 1: Corporate Information

RICO INVESTMENTS LIMITED was incorporated on 7th January, 2015. The main object of the Company is to make strategic investments in the Group Companies of RICO Auto Industries Limited. The Company is a Core Investment Company – Non-Banking Financial Company (CIC-NBFC) as per guidelines issued by The Reserve Bank of India and the investment pattern of the Company also complies with the requirement to continue to qualify as a CIC-NBFC.

### Note - 2: Basis of preparation

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out.

These financial statements are not the statutory financial statements of the Company and have been prepared for the express purpose of and use of management and the Board of Directors in their preparation of the consolidated Financial Statements of the Parent Company.

### Note - 2.1: Summary of significant accounting policies

#### a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### b. Revenue recognition

##### (A) Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### (B) Dividend

Dividend income is accounted for on cash basis, as compared to accrual basis i.e when a right to receive payment is established.

#### c. Tangible fixed assets

Tangible Assets are stated at historical cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses.

#### d. Depreciation on tangible fixed assets

The company is charging the depreciation on written down value based on useful lives of assets, as prescribed by Schedule II of the Companies Act 2013. The useful life of assets is given as under:

Fixed Asset	Useful Life of the Tangible Asset
Vehicles	8 Years



# RICO INVESTMENTS LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### e. Impairment of Assets

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Statement of profit & Loss to the extent the amount exceeds the recoverable amount.

### f. Investments

Investments are classified as trade when investment is made in the shares or debentures of another Company for the purpose of promoting the trade or business of the Company. Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment is made are classified as current investments. All other investments are classified as long-term investments.

- i. Current investments are carried at lower of cost and fair value determined on an individual investment basis.
- ii. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.
- iii. On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to the Statement of Profit and Loss.

### g. Accounting for taxes on income

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflect the Impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Minimum Alternate Tax (MAT) -MAT credit is recognised as an asset only when and to the extent there is reasonable certainty that the Company will pay normal income tax during the specified period. The Company reviews the said MAT Credit entitlement at each reporting date.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

### h. Retirement and Other Employee benefits

#### I. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, Bonus and performance incentives.

#### II. Post employment benefit plans

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.



# **RICO INVESTMENTS LIMITED**

## **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

For defined benefit Schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gain and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested.

The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

### **i. Earnings per share**

#### **Basic earnings per share**

For the purpose of calculating basic earnings per share, the net profit or loss for the period attributable to equity shareholders after deducting any attributable tax thereto for the period is divided by weighted number of equity shares outstanding during the period.

#### **Diluted earnings per share**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### **j. Provisions**

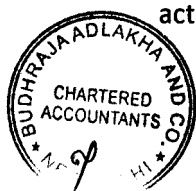
A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

### **k. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### **l. Cash Flow**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



# RICO INVESTMENTS LIMITED

## Notes To Financial Statements For Year Ended On 31st March, 2016

### NOTE - 3

#### SHARE CAPITAL

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
<b>AUTHORISED</b>		
5,00,00,000 Equity shares of Rs 10/- Each	5000,00,000	5000,00,000
4,50,00,000 Preference Shares of Rs 10/- each	<u>4500,00,000</u>	<u>4500,00,000</u>
<b>Issued, Subscribed &amp; Paid Up</b>		
4,97,00,000 Equity Shares of Rs.10/- each fully Paid up.	4970,00,000	4970,00,000
4,40,00,000 12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares (CCNPS) of Rs.10/- each fully paid up.	4400,00,000	4400,00,000
<b>Total issued, subscribed and paid up share capital</b>	<u>9370,00,000</u>	<u>9370,00,000</u>

#### A. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	31st March 2016		31st March 2015	
	Nos.	Amount	Nos.	Amount
<b>Equity Shares</b>				
At the beginning of the period	497,00,000	4970,00,000	-	-
Issued during the period	-	-	497,00,000	4970,00,000
<b>Outstanding at the end of the period</b>	<u>497,00,000</u>	<u>4970,00,000</u>	<u>497,00,000</u>	<u>4970,00,000</u>

	31st March 2016		31st March 2015	
	Nos.	Amount	Nos.	Amount
<b>Preference Shares</b>				
At the beginning of the period	440,00,000	4400,00,000	-	-
Issued during the period	-	-	440,00,000	4400,00,000
<b>Outstanding at the end of the period</b>	<u>440,00,000</u>	<u>4400,00,000</u>	<u>440,00,000</u>	<u>4400,00,000</u>

#### B. Terms/rights attached to Equity shares

The Company has only one class of equity shares, having par value of Rs.10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the Board of Directors subject to the necessary approval from the shareholders.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

#### C. Terms/Rights attached to Preference Shares

The CCNPS shareholders do not have any rights except in the matters directly affecting them. The CCNPS are compulsorily convertible within a period of five years from the date of allotment, at the option of the Board, at par.

#### D. Shares in the Company held by the Holding Company

	31st March 2016		31st March 2015	
	Nos.	Amount	Nos.	Amount
<b>Rico Auto Industries Limited, Holding Company</b>				
Equity shares of Rs 10/- each fully paid up	460,00,000	4600,00,000	460,00,000	4600,00,000
12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of Rs.10/- each fully paid up.	440,00,000	4400,00,000	440,00,000	4400,00,000



# RICO INVESTMENTS LIMITED

Notes To Financial Statements For Year Ended On 31st March, 2016

## E. Details of shareholders holding more than 5% shares in the company

	31st March 2016		31st March 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity Shares of Rs 10 each fully paid up Rico Auto Industries Limited, (Holding Co.)	460,00,000	92.56%	460,00,000	92.56%
12% Redeemable Compulsorily Convertible Non Cumulative Preference Shares of Rs.10/- each fully paid up. Rico Auto Industries Limited, (Holding Co.)	440,00,000	100.00%	440,00,000	100.00%

### NOTE - 4

#### RESERVES & SURPLUS

##### Surplus / (Deficit) in Statement of Profit and Loss

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Opening Balance	-73,39,344	-
Profit / (Loss) for the period/year	210,60,750	-73,39,344
Less : Appropriations :		
Transfer to Reserve Fund in terms of Section 45-IC of the Reserve Bank of India Act, 1934	-42,12,150	-
Closing balance (A)	<u>95,09,256</u>	<u>-73,39,344</u>

##### Reserve Fund :

##### In terms of Section 45-IC of the Reserve Bank of India Act, 1934

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Opening Balance	-	-
Add : Transfer from Surplus	42,12,150	-
Closing balance (B)	<u>42,12,150</u>	<u>-</u>
Total (A + B)	<u>137,21,406</u>	<u>-73,39,344</u>

### NOTE - 5

#### LONG TERM BORROWINGS

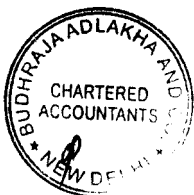
	31st March 2016		31st March 2015	
	Nos.	Amount Rs.	Nos.	Amount Rs.
Compulsory Convertible Debentures (CCD)	250,00,000	2500,00,000	-	-
10.25% Compulsorily Convertible Debentures of Rs.10/- each fully paid up.				
	<u>250,00,000</u>	<u>2500,00,000</u>	<u>-</u>	<u>-</u>

The CCDs are compulsorily convertible within a period of five years from the date of allotment at par.

### NOTE - 6

#### OTHER LONG TERM LIABILITIES

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Security Deposits Staff Car Scheme	51,155	-
	<u>51,155</u>	<u>-</u>



**RICO INVESTMENTS LIMITED****Notes To Financial Statements For Year Ended On 31st March, 2016****NOTE - 7****PROVISIONS**

	31st March 2016		31st March 2015	
	Amount(Rs)		Amount(Rs)	
	Long Term	Short term	Long Term	Short term
Provision for Income Tax	-	111,73,050	-	-
<b>Provision for Employee Benefits</b>				
Provision for Grautity	36,773	196	6,939	552
Provision for Leave Encashment	58,524	5,233	4,960	3
	<b>95,297</b>	<b>111,78,479</b>	<b>11,899</b>	<b>555</b>

**NOTE - 8****TRADE PAYABLE**

Others

Acceptances

Due to related parties (Refer Note No. 22 )

	31st March 2016	31st March 2015
	Amount (Rs.)	Amount (Rs.)
	10,650	-
	50,296	-
	<b>60,946</b>	<b>-</b>

**NOTE - 9****OTHER CURRENT LIABILITIES**

Providend fund payable

TDS payable

Salary Payable

Audit Fees Payable

Others payable

Interest Payable

	31st March 2016	31st March 2015
	Amount (Rs.)	Amount (Rs.)
	29,563	27,516
	6,73,220	74,665
	3,27,762	1,33,313
	2,02,500	81,888
	29,055	61,224
	57,49,829	-
	<b>70,11,929</b>	<b>3,78,606</b>



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**RICO INVESTMENTS LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

NOTE - 10

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK		
	OPENING AS ON 01.04.15	ADDITIONS	SALE/ADJ. DURING THE YEAR	TOTAL AS ON 31.03.16	TOTAL AS ON 01.04.15	FOR THE PERIOD	SALE/ADJUSTMENT	AS ON 31.03.16	AS ON 31.03.15
<b>TANGIBLE ASSETS:</b>									
Vehicles	-	5,49,074	-	5,49,074	-	1,25,863	-	1,25,863	4,23,211
<b>TOTAL</b>	-	<b>5,49,074</b>	-	<b>5,49,074</b>	-	<b>1,25,863</b>	-	<b>1,25,863</b>	<b>4,23,211</b>
<b>TOTAL PREVIOUS YEAR</b>	-	-	-	-	-	-	-	-	-



**RICO INVESTMENTS LIMITED****Notes To Financial Statements For Year Ended On 31st March, 2016**

<b>NOTE - 11</b>	<b>31st March 2016</b>	<b>31st March 2015</b>
<b>NON CURRENT INVESTMENTS</b>	<b>Amount (Rs.)</b>	<b>Amount (Rs.)</b>
<b>Trade Investment (At Cost unless stated otherwise)</b>		
<b>Unquoted Equity Instruments</b>		
<b>Investments in Subsidiaries</b>		
4,10,00,000 Equity shares of Rs 10/ each,fully paid up,of Rasa Autocom Ltd (Previous Year 2,50,00,000 Equity shares of Rs 10/ each,fully paid up)	2146,00,000	546,00,000
4,60,50,000 Equity shares of Rs 10/- each fully paid up of Rico Aluminium and Ferrous Auto Components Ltd. (Previous Year 4,60,50,000 Equity shares of Rs 10/ each,fully paid up)	4600,30,000	4600,30,000
3,55,25,000 Equity shares of Rs 10/- each fully paid up of Rico Jinfei Wheels Ltd (Previous Year 3,55,25,000 Equity shares of Rs 10/ each,fully paid up)	604,00,000	604,00,000
	<b>7350,30,000</b>	<b>5750,30,000</b>
<b>NOTE - 12</b>		
<b>DEFERRED TAX</b>		
Depreciation	14,383	-
Provision for Grautity	12,223	2,144
Provision for Leave Encashment	21,080	1,533
Preliminary Expenses	12,275	15,295
	<b>59,961</b>	<b>18,972</b>
<b>NOTE - 13</b>		
<b>LONG TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured, considered good</b>		
Loans and advances to related parties(Refer Note No.22 )	4630,00,000	3446,10,000
	<b>4630,00,000</b>	<b>3446,10,000</b>
<b>NOTE - 14</b>		
<b>CASH &amp; CASH EQUIVALENTS</b>		
Cash on hand	4,055	7,298
Balances on Current Accounts with Scheduled Banks	29,08,455	98,50,338
	<b>29,12,510</b>	<b>98,57,636</b>
<b>NOTE - 15</b>		
<b>OTHER CURRENT ASSETS</b>		
Prepaid Expenses	958	-
Interest Accrued and due	118,38,210	4,81,597
Receivables	-	-
Tax Deducted At Source	58,54,362	53,511
	<b>176,93,530</b>	<b>5,35,108</b>





**RICO INVESTMENTS LIMITED****Notes To Financial Statements For Year Ended On 31st March, 2016****NOTE - 16****REVENUE FROM OPERATIONS**

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Interest income	585,46,546	5,35,108
	<b>585,46,546</b>	<b>5,35,108</b>

**NOTE - 17****EMPLOYEE BENEFIT EXPENSE**

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Salary	27,42,165	4,14,313
Contribution to Provident Fund	1,31,571	13,758
Labour & Staff Welfare	7,780	-
Gratuity	32,006	7,491
Leave Encashment	56,266	4,963
	<b>29,69,788</b>	<b>4,40,525</b>

**NOTE - 18****FINANCE COSTS**

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Interest paid on CCD	212,02,355	-
	<b>212,02,355</b>	<b>-</b>

**NOTE - 19****OTHER EXPENSES**

	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Rent	44,902	5,394
Bank Charges	-	635
Legal and Professional Fees & Taxes	1,01,082	22,918
Preliminary Expenses	16,53,908	72,63,762
Printing & Stationary	8,610	61,872
Interest on Statutory Dues	-	5,576
Conveyance & Travelling	15,490	1,615
Other Expenses	-	-
Previous Year Expenses	6,737	1,239
<b>Payments to the auditors</b>		
<b>As auditor :</b>		
Audit Fee	1,75,000	89,888
Tax Audit Fee	35,000	
Taxation Matters	15,000	
	<b>2,25,000</b>	
	<b>20,55,729</b>	<b>74,52,899</b>



**Note - 20: Earning per share (EPS)**

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:-

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
Net Profit as per Statement of Profit & Loss (Rs.)	210,60,750	-73,39,344
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	497,00,000	497,00,000
Number of shares - Diluted (Nos.)	937,00,000	937,00,000
Basic Earning Per share (Rs.)	0.42	-0.15
Diluted Earning Per share (Rs.)	0.22	-0.08

**Note - 21: Retirement and Other Employee Benefits****a) Defined contribution plans**

Provident fund and other funds:

	<u>31st March, 2016</u>	<u>31st March, 2015</u>
Employer's contribution to provident fund	94,027	13,758

**b) Defined benefit plans****Gratuity Plan:****(i) Change in Present Value of benefit obligations :**

	<u>31st March, 2016</u> (Rs.)	<u>31st March, 2015</u> (Rs.)
Present value of obligation at the beginning (A)	4,963	-
Current Service Cost (B)	31,787	4,963
Interest Cost (C)	385	-
Actuarial (gain)/ loss (D)	-166	-
Benefits Paid (E)		
Present value of obligations at the end (F=A+B+C+D+E)	36,969	4,963

**(ii) Change in plan assets :**

Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets as on at the end (F=A+B+C+D+E)	-	-

**(iii) Net Liabilities/ (Assets) ( i-ii )**

36,969	4,963
--------	-------

**(iv) Net gratuity cost for the year ended:**

Current Service Cost (A)	31,787	4,963
Interest cost (B)	385	-
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	-166	-
Net gratuity cost (E=A+B+C+D)	32,006	4,963

**(v)****Bifurcation of Projected Benefit Obligation at the end of year as per Schedule III to the Companies Act, 2013**

Current Liability (Amount due within one year)	196	3
Non-Current Liability (Amount due over one year)	36,773	4,960
<b>Total Projected Benefit Obligation at the end of year</b>	<b>36,969</b>	<b>4,963</b>



## Leave Encashment Plan:

	<u>31st March, 2016</u> (Rs.)	<u>31st March, 2015</u> (Rs.)
<b>II (i) Change in Present Value of benefit obligations :</b>		
Present value of obligation at the beginning (A)	7,491	-
Current Service Cost (B)	56,300	7,491
Interest Cost (C)	581	-
Actuarial (gain)/ loss (D)	-615	-
Benefits Paid (E)	-	-
Present value of obligations at the end (F=A+B+C+D+E)	63,757	7,491
<b>(ii) Change in plan assets :</b>		
Fair value of plan assets at the beginning (A)	-	-
Expected return on plan assets (B)	-	-
Employer's Contributions (C)	-	-
Benefits Paid (D)	-	-
Actuarial Gain (E)	-	-
Fair value of plan assets at the end (F=A+B+C+D+E)	-	-
<b>(iii) Net Liability/(Assets) ( i-ii )</b>	63,757	7,491
<b>(iv) Net Leave Encashment for the year ended :</b>		
Current Service Cost (A)	56,300	7,491
Interest cost (B)	581	-
Expected return on plan assets (C)	-	-
Actuarial (gain)/Loss recognised in the year (D)	-615	-
Net Leave Encashment cost (E=A+B+C+D)	56,266	7,491
<b>(v) Bifurcation of PBO at the end of year as per Schedule III to the Companies Act, 2013</b>		
Current Liability (Amount due within one year)	5,233	552
Non-Current Liability (Amount due over one year)	58,524	6,939
<b>Total PBO at the end of year</b>	<b>63,757</b>	<b>7,491</b>

## Principal Actuarial Assumptions

The Principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below :

	Gratuity Plan		Leave Encashment Plan	
	<u>31st March,</u> <u>2016</u> (%)	<u>31st March,</u> <u>2015</u> (%)	<u>31st March,</u> <u>2016</u> (%)	<u>31st March,</u> <u>2015</u> (%)
Discount rate	8.00%	7.75%	8.00%	7.75%
Salary escalation rate	5.50%	5.25%	5.50%	5.25%
Expected rate of return on plan assets	-	-	-	-



## Note - 22: Related party disclosures

## 1. Related parties where control exists

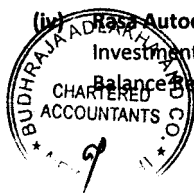
Names of related parties and related party relationship

Holding Company:	Rico Auto Industries Ltd	
Subsidiaries:	Rasa Autocom Ltd Rico Aluminum & Ferrous Auto Components Ltd Rico Jinfei Wheels Ltd	
Subsidiaries of Holding Co.:	Rico Auto Industries Inc. USA Rico Auto Industries (UK) Limited, UK Uttarakhand Automotives Limited AAN Engineering Industries Limited	
Enterprises owned or significantly influenced by Key Managerial Personnel or their relatives, with whom transactions have taken place during the year.	Kapbros Engineering Industries Ltd Rico Castings Ltd Kapsons Associates Investments Private Limited	
Key Managerial Personnel	Shri Om Prakash Aggarwal Shri Jagdish Chand Dwivedi Shri Parveen Garg	Managing Director Company Secretary Chief Financial Officer

## 2. Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year

	<u>31st March, 2016</u> (Rs.)	<u>31st March, 2015</u> (Rs.)
<b>(i) RICO Auto Industries Ltd, Holding Co.</b>		
Margin Money received for leasing of assets	9,00,000	64,25,000
Margin Money refunded for leasing of assets	9,00,000	64,25,000
Issue of Equity Shares	-	4600,00,000
Issue of Compulsorily Convertible preference shares	-	4400,00,000
Investments Purchased		150,30,000
Rent Paid	44,092	5,394
Compulsory Convertible Debentures(CCD) issued	2500,00,000	-
Interest on CCD	190,82,120	
Balance payable	58,00,125	5,394
<b>(ii) Rico Aluminium and Ferrous Auto Components Limited, Subsidiary Co.</b>		
Investment made	-	4600,00,000
Loan given	50,00,000	296,10,000
Loan received back	346,10,000	-
Interest accrued	28,47,323	60,077
Loan Recoverable	-	296,10,000
<b>(iii) Rico Jinfei Wheels Limited , Subsidiary Co.</b>		
Investment made	-	500,00,000
Loan given	190,00,000	-
Loan received back	190,00,000	-
Interest accrued	10,19,953	-
Balance Recoverable	-	-
<b>(iv) Rasa Autocom Limited, Subsidiary Co.</b>		
Investment made	1600,00,000	500,00,000
Balance Recoverable	-	-



**RICO INVESTMENTS LIMITED**

**Notes To Financial Statements For Year Ended On 31st March, 2016**

<b>(v) Rico Castings Limited</b>		
Loan given	-	2550,00,000
Loan received back	260,00,000	-
Interest accrued	241,43,326	3,06,123
Loan Recoverable	2290,00,000	2550,00,000
<b>(vi) Kapbros Engineering Industries Limited</b>		
Loan given	-	600,00,000
Loan received back	600,00,000	-
Interest accrued	56,23,397	1,15,397
Loan Recoverable	-	600,00,000
<b>(vii) Kapsons Associates Investments Private Limited</b>		
Loan given	2470,00,000	-
Loan received back	130,00,000	-
Interest accrued	189,36,402	-
Loan Recoverable	2340,00,000	-
<b>(viii) AAN Engineering Industries Limited</b>		
Loan given	30,00,000	-
Loan received back	30,00,000	-
Interest accrued and due	1,18,837	-
Balance Recoverable	-	-
	<b>31st March, 2016</b>	<b>31st March, 2015</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>(ix) Remuneration paid to key management personnel</b>		
Shri Jagdish Chand Dwivedi (CS)	19,71,563	4,28,071
Shri Parveen Garg (CFO)	9,02,173	-

**Note - 23: Detail of dues to micro and small enterprises as defined under the MSMED Act, 2006**

Nil Nil

**Note - 24: Capital and other commitments**

Nil Nil

**Note - 25: Contingent Liabilities**

Nil Nil

**Note - 26: Earning in Foreign Currency**

Nil Nil

**Note - 27: Expenditure in Foreign Currency**

Nil Nil

**Note - 28: Net Dividend remitted in Foreign Currency**

Nil Nil

**Note - 29: Previous year figures**

Previous year figures pertain to the period 07th January 2015 to 31st March 2015, hence the same are not comparable with the current year figures as the same comprises of 12 months.

Previous figures are regrouped/reclassified wherever necessary.

**As Per Our Report Of Even Date**

**For Budhraj Adlakha & Co.**

**Chartered Accountants**

**Firm Reg. No. 005154N**

**Nalin Kumar Budhraj**

**(Partner)**

**Membership No. 08431**



**Place : Gurgaon**

**Dated : 18th May 2016**

**For And On Behalf Of The Board Of Directors Of**

**Rico Investments Ltd**

*[Signature]*

**Om Prakash Aggarwal**

**Managing Director**

**Din: 01537211**

*[Signature]*

**Naresh Kumar Sethi**

**Director**

**Din: 00202498**

*[Signature]*

**Parveen Garg**

**Chief Financial Officer**

*[Signature]*

**Jagdish Chand Dwivedi**

**Company Secretary**



# **AAN ENGINEERING INDUSTRIES LIMITED**

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## **Board of Directors**

Shri Naresh Kumar Sethi - Chairman  
Shri Ish Mohit Pannu - Whole Time Director  
Smt. Shalini Kapur  
Shri Rajinder Singh Kundi

## **Auditors**

Budhraj Adlakha & Co.  
Chartered Accountants  
(Firm Registration No.005154N)  
New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurgaon - 122 001, Haryana (India)



**INDEPENDENT AUDITOR'S REPORT**

TO

**THE MEMBERS OF  
AAN ENGINEERING INDUSTRIES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **AAN ENGINEERING INDUSTRIES LIMITED** ('the Company'), which comprise the Balance Sheet as at **March 31, 2016**, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial Statements that give true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies, Act 2013, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent available.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and cash flow statement dealt with by this Report are in agreement with the books of account ;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014; and
  - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.





- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operation effectiveness of such controls, refer to our separate report in Annexure B, and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations.
  - ii. The Company does not have any material foreseeable losses on long-term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



RAHOOL ADLAKHA  
(Partner)  
Memb. No.: 083788

Place: Gurgaon  
Date: 17<sup>th</sup> May 2016

**Annexure –A to the Auditor’s Report**

*Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date.*

**RE: AAN ENGINEERING INDUSTRIES LIMITED**

- i) (a) The company has maintained proper records to show full particulars, including quantitative details and situation of all fixed assets.
- (b) The fixed assets have been physically verified by the management during the period under audit. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the Company does not own any immovable property during the year. Accordingly, Para 3(i) (c) of the Order is not applicable.
- ii) (a) As explained to us, inventories have been physically verified by the management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account. In our opinion, the frequency of such verification is reasonable.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii)(a) (b) and (c) of the Order are not applicable.
- iv) According to the information and explanations given to us, the company has not granted any loans or provided any guarantees or securities and neither has made any investments.
- v) According to the information and explanations given to us, the Company has not accepted any deposits.
- vi) According to the information and explanations given to us, the company at present is not required to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013.
- vii) a) According to the information and explanations and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employee’s State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues to the extent applicable to it.
- b) According to the information and explanations given to us, there are no dues of Provident Fund, Employee’s State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, Value Added Tax, Cess and any other statutory dues to the extent applicable to it which have not been deposited on account of any dispute.

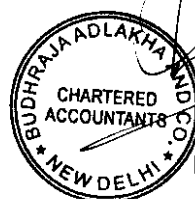


- (viii) According to the information and explanations given to us, the company does not have any loans or borrowings from any financial institution, banks, government or due to the debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix) According to the information and explanations given to us, the company has not raised any money by way of initial public offer or further public offers (including debt instruments). As per the information and explanations given to us, the company has applied the term loans, raised for the purpose for which they were raised.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) According to the information and explanations given to us, no Managerial Remuneration has been paid during the year, hence clause 3(xi) of the Companies Auditors Report Order 2016 is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them.
- xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Budhraj Adlakha & CO.**

**Chartered Accountants**

**Firm's Reg. No.: 005154N**



**RAHOOL ADLAKHA**  
**(Partner)**

**Memb. No.: 083788**

**Place: Gurgaon**

**Date: 17<sup>th</sup> May 2016**

**AAN ENGINEERING INDUSTRIES LIMITED****BALANCE SHEET AS AT 31ST MARCH 2016**

	NOTES	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	3	5,00,000	5,00,000
Reserves & Surplus	4	(107,62,198)	(91,43,726)
		<b>(102,62,198)</b>	<b>(86,43,726)</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Borrowings	5	192,11,366	-
Long Term Provisions	6	-	3,612
		<b>192,11,366</b>	<b>3,612</b>
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	5	-	62,43,264
Trade Payable	7	90,04,514	45,65,886
Other Current Liabilities	8	1,60,063	62,666
Short Term Provisions	6	-	289
		<b>91,64,577</b>	<b>108,72,105</b>
<b>TOTAL</b>		<b>181,13,745</b>	<b>22,31,991</b>
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Fixed Assets			
- Tangible Assets	9	21,99,033	19,26,498
- Capital Work-in-process		26,81,847	-
		<b>48,80,880</b>	<b>19,26,498</b>
Long Term Loans And Advances	10	2,70,000	-
		<b>2,70,000</b>	<b>-</b>
<b>CURRENT ASSETS</b>			
Inventories	11	27,55,216	-
Trade Receivable	12	24,78,439	-
Cash And Cash Equivalents	13	67,82,824	1,065
Short-Term Loans And Advances	10	9,46,385	1,14,369
Other Current Assets	14	-	1,90,060
		<b>129,62,864</b>	<b>3,05,493</b>
<b>TOTAL</b>		<b>181,13,745</b>	<b>22,31,991</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING 2.1**

The accompanying notes are an integral part of the Financial Statement.

As per our report of even date

For Budhraj Adlakha & co

Chartered Accountants

Firm registration no. : 005154N

For and on behalf of Board of Directors of AAN Engineering Industries Limited

CA Rajool Adlakha  
(Partner)

Membership No 083788

Date : 17th May, 2016

Place : Gurgaon



Ish Mohit Panru  
Whole Time Director  
DIN-07181747

Rajinder Singh Kundi  
Director  
DIN-00203082

**AAN ENGINEERING INDUSTRIES LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2016**

	NOTES	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>REVENUE</b>			
Revenue From Operations (Gross)	15	31,95,490	-
Less: Excise Duty		2,69,983	-
<b>Revenue From Operations (Net)</b>		<b>29,25,508</b>	<b>-</b>
Other Income	16	1,30,811	4,89,698
<b>TOTAL REVENUE</b>	<b>"A"</b>	<b>30,56,319</b>	<b>4,89,698</b>
<b>EXPENSE</b>			
Cost of material and components consumed	17	21,57,973	-
Change in inventories of finished goods and work-in-progress	18	(3,52,624)	-
Employee Benefit Expenses	19	32,790	1,46,317
Depreciation/Amortisation	9	1,04,945	5,61,782
Financial Costs	20	1,52,160	10,955
Other Expenses	21	29,57,028	5,52,325
<b>TOTAL EXPENSES</b>	<b>"B"</b>	<b>50,52,271</b>	<b>12,71,379</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>	<b>("B"- "A")</b>	<b>(19,95,952)</b>	<b>(7,81,681)</b>
Less : Exceptional Items	22	(3,77,480)	-
Profit/(Loss) Before Extraordinary Items And Tax		(16,18,472)	(7,81,681)
Less : Extraordinary Items		-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>(16,18,472)</b>	<b>(7,81,681)</b>
<b>LESS : TAX EXPENSE:</b>			
Current Income Tax		-	-
Deferred Tax		-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>(16,18,472)</b>	<b>(7,81,681)</b>

Earnings per equity share [nominal value of share Rs. 10 (31st March 2015 : Rs. 10)]

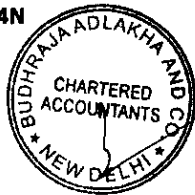
	23		
Number of Shares for the purpose of calculating EPS		50000	50000
Basic		(32.37)	(15.63)
Diluted		(32.37)	(15.63)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** 2.1

The accompanying notes are an Integral part of the Financial Statement.

As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm registration no. : 005154N

CA Rahool Adlakha  
(Partner)  
Membership No 083788  
Date : 17th May, 2016  
Place : Gurgaon



For and on behalf of Board of Directors of Aan Engineering Industries Limited

Ish Mohit Pannu  
Whole Time Director  
DIN-07181747

Rajinder Singh Kundi  
Director  
DIN-00203082

**AAN ENGINEERING INDUSTRIES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016**

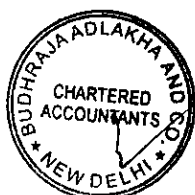
	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>Cash Flow From Operating Activities</b>		
Profit before tax from continuing operations	(16,18,472)	(7,81,681)
Profit before tax from continuing operations	(16,18,472)	(7,81,681)
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation/amortization	1,04,945	5,61,782
Interest & Financial Charges	1,52,160	10,955
Remission of Interest	-	(4,64,373)
Trade payables w/off	-	(11,780)
Depreciation/amortization written back	(3,77,480)	(13,545)
<b>Operating Profit Before Working Capital Changes</b>	<b>(17,38,848)</b>	<b>(6,98,642)</b>
Movements in working Capital :		
Increase/(decrease) in other current liabilities	97,397	2,153
Increase/(decrease) in trade payables	44,38,628	-
Increase/(decrease) in long term provisions	(3,612)	3,612
Increase/(decrease) in short term provisions	(289)	289
Decrease/(increase) in long-term loans and advances	(2,70,000)	-
Decrease/(increase) in short-term loans and advances	(8,32,016)	14,778
Decrease/(increase) in other Current Assets	1,90,060	(1,90,060)
Decrease/(increase) in inventories	(27,55,216)	-
Decrease/(increase) in trade receivables	(24,78,439)	-
Cash generated from /(used in) operations	<b>(33,52,336)</b>	<b>(8,67,870)</b>
Income Tax Payment during the year	-	-
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(33,52,336)</b>	<b>(8,67,870)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and Capital advances	(26,81,847)	-
Sale of Fixed Assets	-	1,68,942
<b>Net Cash used from /(used in) Investing Activities (B)</b>	<b>(26,81,847)</b>	<b>1,68,942</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from long term borrowings	129,68,102	2,37,432
Interest Paid	(1,52,160)	(10,955)
Remission of Interest	-	4,64,373
<b>Net Cash flow from /(used in) Financing Activities (C)</b>	<b>128,15,942</b>	<b>6,90,850</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	67,81,759	(8,078)
Cash and Cash Equivalents as at 01.04.2015(Opening Balance)	1,065	9,143
Cash and Cash Equivalents as at 31.03.2016(Closing Balance)	<b>67,82,824</b>	<b>1,065</b>
<b>Components of cash and cash equivalents</b>		
Cash on Hand	8,733	1,065
<b>With banks-</b>		
On Current Accounts	67,74,091	-
<b>Total cash and cash equivalents (refer note -14)</b>	<b>67,82,824</b>	<b>1,065</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying notes are an integral part of the Financial Statement.

As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm registration no. : 005154N

CA Raheem Adlakha  
Partner  
Membership No 083788



Date : 17th May, 2016  
Place : Gurgaon

For and on behalf of Board of Directors of AAN Engineering Industries Ltd

Ish Mohit Pannu  
Whole Time Director  
DIN-07181747

Rajinder Singh Kundi  
Director  
DIN-00203082

## **AAN ENGINEERING INDUSTRIES LIMITED**

### **NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

#### **Note - 1: Corporate Information**

The Company was incorporated as RUPAK AUTOMOTIVE INDUSTRIES LIMITED with the Registrar of Companies, NCT of Delhi & Haryana vide CIN : U28112HR2010PLC039941 dated 12<sup>th</sup> January, 2010. The Company Became a 100% Subsidiary of RICO AUTO INDUSTRIES LTD, on 8<sup>th</sup> April 2010 and subsequently on 12<sup>th</sup> May, 2011 the name of the company was changed to "AAN ENGINEERING INDUSTRIES LIMITED". The main objects of the company are to carry on the Business of civil, mechanical, electrical and electronics engineers and manufacturing and sale of goods and equipments used in defence and home land security.

#### **Note - 2: Basis of preparation of financial statements**

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards specified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the company.

#### **Note - 2.1: Summary of significant accounting policies**

##### **a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### **b. Tangible fixed assets and Capital work in progress**

Tangible Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.



**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**c. Depreciation on tangible fixed assets**

Depreciation on building and plant and machinery is provided on the straight-line method, computed on the basis of useful life, on a pro-rata basis from the date the asset is ready to be put to use. However for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years.

Depreciation on other fixed assets is provided on written down value method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to be put to use.

**d. Impairment of Assets**

At each balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the Statement of Profit and Loss to the extent the carrying amount exceeds the recoverable amount.

**e. Revenue Recognition**

**I. Revenue from sale of goods**

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realisation of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

**II. Revenue from sale of services**

Service income comprising technical and other support services fee is recognised as per the terms of the agreement.

**III. Interest income**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**f. Retirement and Other Employee benefits**

**Short-term employee benefits:-**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, Bonus and performance incentives.





**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Post employment benefit plans:-**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

For defined benefit Schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gain and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested.

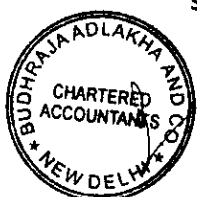
The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

**g. Accounting for taxes on income**

- I. Current Tax is determined as the amount of tax payable in respect of taxable income for the period.
- II. Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate at one period and capable of reversal in one and more subsequent periods. Deferred Tax Assets are not recognized on unabsorbed depreciation and carried forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**h. Earning per share**

The Basic Earning per share (EPS) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**i. Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

**j. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

**k. Cash Flow**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



# AAN ENGINEERING INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

NOTE - 3 SHARE CAPITAL	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>AUTHORISED SHARES</b>		
10,00,000 Equity Shares of Rs.10/- each with Voting right (Previous Year 10,00,000 Equity Shares of Rs.10/- )	100,00,000	100,00,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
50000 Equity Shares of Rs.10/- each fully paidup with Voting Right (Previous Year 50000 Equity Shares of Rs.10/- )	5,00,000	5,00,000
<b>Total Issued, subscribed and fully paid up share capital</b>	<b>5,00,000</b>	<b>5,00,000</b>

	31st March 2016		31st March 2015	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>50,000</b>	<b>5,00,000</b>	<b>50,000</b>	<b>5,00,000</b>

### Terms/rights attached to equity shares

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Shares held by holding/Ultimate holding and subsidiaries

	31st March 2016		31st March 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
<b>Rico Auto Industries Limited (Holding Company) and its nominees</b>				
Equity shares of Rs.10 each fully paid	50,000	100%	50,000	100%

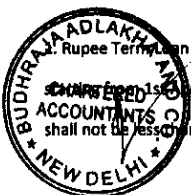
### d) Details of shareholders holding more than 5% shares in the company

	31st March 2016		31st March 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
<b>Equity shares of Rs.10 each fully paid</b>				
Rico Auto Industries Limited (Holding Company) and its nominees	50,000	100%	50,000	100%

NOTE - 4 Reserves & Surplus	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
<b>Surplus/(Deficit) In Statement Profit &amp; Loss</b>		
Balance as per last Balance Sheet	(91,43,726)	(83,62,045)
Add : Profit / (Loss) for the year	(16,18,472)	(7,81,681)
<b>TOTAL (Rs.)</b>	<b>(107,62,198)</b>	<b>(91,43,726)</b>

NOTE - 5 BORROWINGS	Long-Term		Short-Term	
	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
<b>Loans Repayable on Demand</b>				
<b>Loans &amp; Advances from Related parties</b>				
From Holding Company Rico Auto Industries Ltd <sup>1</sup> (Refer Note 25)	192,11,366	-	-	62,43,264
<b>TOTAL (Rs.)</b>	<b>192,11,366</b>	<b>-</b>	<b>-</b>	<b>62,43,264</b>
<b>The above amount includes</b>				
Secured borrowings	-	-	-	-
Unsecured borrowings	192,11,366	-	-	62,43,264
	<b>192,11,366</b>	<b>-</b>	<b>-</b>	<b>62,43,264</b>

<sup>1</sup> Rupee Term Loan from Rico Auto Industries Limited is repayable within ten years with a moratorium period of four years. The principal amount along-with interest is payable on quarterly basis commencing from April, 2018. Further, the Interest is payable after the Company comes into profit and the yield accruing to the lender will be such that, it will cover the entire tenure of the loan, and shall not be less than that prescribed under the Companies Act, 2013.



# AAN ENGINEERING INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### NOTE - 6 PROVISIONS

	Long-Term		Short-Term	
	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)	31st March 2016 Amount (Rs.)	31st March 2015 Amount (Rs.)
Provision for Employee Benefits				
Provision for Grativity	-	1,395	-	2
Provision for Leave Encashment	-	2,217	-	287
	-	3,612	-	289

### NOTE - 7 TRADE PAYABLE- CURRENT LIABILITIES

	31st March 2016 (Rs.)	31st March 2015 (Rs.)
Trade Payables (including acceptances) (refer note no. 26) for detail due to micro and small enterprises)	90,04,514	45,65,886
<b>TOTAL (Rs.)</b>	<b>90,04,514</b>	<b>45,65,886</b>

### NOTE - 8 OTHER CURRENT LIABILITIES

	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>Other Payables:</b>		
<b>Statutory obligations</b>		
- Excise Duty	-	-
- VAT & sales tax	48,597	-
- TDS Payable	56,714	-
- Service Tax Payable	6,245	-
Employees Benefits Payables	-	16,395
Expenses Payables	48,507	28,090
Others	-	10,250
Book Overdraft	-	7,931
<b>TOTAL (Rs.)</b>	<b>1,60,063</b>	<b>62,666</b>

### NOTE - 10 LOANS AND ADVANCES

(Unsecured & Considered good)	Non-Current		Current	
	31st March 2016 (Rs.)	31st March 2015 (Rs.)	31st March 2016 (Rs.)	31st March 2015 (Rs.)
Security Deposit	2,70,000	-	-	-
Advances recoverable in Cash or in Kind	-	-	-	4,141
Interest Accrued but not due	-	-	1,14,155	-
<b>Others :</b>				
Advance Tax/TDS	-	-	28,004	2,199
Advances to Employees	-	-	5,000	-
Balance with Statutory/Government Authorities	-	-	7,99,226	1,08,029
	2,70,000	-	9,46,385	1,14,369

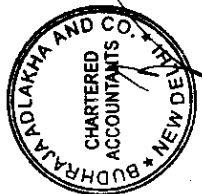


**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

NOTE-9

DESCRIPTION OF ASSETS	OPENING AS ON		ADDITIONS	SALE/ADJ. DURING THE YEAR	(GAIN) / LOSS DURING THE YEAR	TOTAL AS ON		EXCESS DEPRECIATION WRITTEN BACK	FOR THE YEAR ENDED	SALE/ ADJUSTMENT*	TOTAL AS ON		AS ON	AS ON
	01.04.2015	31.03.2016				31.03.2016	01.04.2015				31.03.2016	31.03.2016		
<b>TANGIBLE ASSETS:</b>														
PLANT & MACHINERY - INDIAN	24,59,931	24,59,931	-	-	-	24,59,931	5,46,532	3,77,480	96,358	-	2,65,410	21,94,521	19,13,399	
COMPUTERS	42,200	42,200	-	-	-	42,200	29,101	-	8,587	-	37,688	4,512	13,099	
<b>TOTAL</b>	<b>25,02,131</b>	<b>25,02,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,02,131</b>	<b>5,75,633</b>	<b>-</b>	<b>1,04,945</b>	<b>-</b>	<b>3,03,098</b>	<b>21,99,033</b>	<b>19,26,498</b>	
<b>TOTAL PREVIOUS YEAR</b>	<b>27,68,124</b>	<b>25,02,131</b>	<b>-</b>	<b>2,65,993</b>	<b>-</b>	<b>25,02,131</b>	<b>1,24,447</b>	<b>-</b>	<b>5,61,782</b>	<b>1,10,596</b>	<b>5,75,633</b>	<b>19,26,498</b>	<b>26,43,677</b>	

\* Excess depreciation added back due to change in Method of depreciation of Rs. 377480/-



# AAAN ENGINEERING INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

<b>NOTE - 11</b>			
<b>INVENTORIES</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
(Valued at lower of cost and net realizable value)		(Rs.)	(Rs.)
Raw Materials		22,56,052	-
Work-in-process		3,52,624	-
Stores & Spares		1,46,540	-
<b>TOTAL (Rs.)</b>		<b>27,55,216</b>	<b>-</b>
<b>NOTE - 12</b>			
<b>Trade Receivables</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
(Unsecured considered good)		(Rs.)	(Rs.)
Outstanding for a period exceeding six months from date they are due for payment		-	-
Other Receivables		24,78,439	-
<b>TOTAL (Rs.)</b>		<b>24,78,439</b>	<b>-</b>
<b>NOTE - 13</b>			
<b>CASH AND CASH EQUIVALENTS</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
		(Rs.)	(Rs.)
Cash on Hand		8,733	1,065
Balances with Banks			
Current Accounts		5,56,004	-
Others			
Fixed deposit held as margin money for bank Guarantee		62,18,087	-
<b>TOTAL (Rs.)</b>		<b>67,82,824</b>	<b>1,065</b>
<b>NOTE - 14</b>			
<b>OTHER CURRENT ASSETS</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
		(Rs.)	(Rs.)
Receivable against sale of capital goods		-	1,90,060
<b>TOTAL (RS)</b>		<b>-</b>	<b>1,90,060</b>
<b>NOTE - 15</b>			
<b>REVENUE FROM OPERATIONS</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
		(Rs.)	(Rs.)
Revenue from Operations			
Sale of products		24,29,843	-
Sale of Services		7,65,648	-
Revenue from operations (Gross)		31,95,490	-
Less :- Excise Duty		2,69,983	-
Revenue from operations (Net)		29,25,508	-
<b>Detail of product sold</b>			
- Steel Parts		24,29,843	-
		24,29,843	-
<b>Detail of services</b>			
- Job work		7,65,648	-
		7,65,648	-
<b>NOTE - 16</b>			
<b>OTHER INCOME</b>		<b>31st March 2016</b>	<b>31st March 2015</b>
		(Rs.)	(Rs.)
Interest Income		1,26,910	4,64,373
Misc. income		3,901	11,780
Profit on sale of Fixed Assets		-	13,545
		1,30,811	4,89,698



# AAAN ENGINEERING INDUSTRIES LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016

### NOTE - 17

#### Cost of material and component consumed

Inventory at beginning of the year	-	-
Add: Purchase during the year	44,14,024	-
Less: Inventory at the end of the year	22,56,052	-
<b>Cost of Raw material and Component Consumed</b>	<b>21,57,973</b>	<b>-</b>

#### Detail of Raw Material and Components Consumed

- Iron & Steel	21,57,973	-
	<b>21,57,973</b>	<b>-</b>

#### Detail of Inventory at year end

- Iron & Steel	22,56,052	-
	<b>22,56,052</b>	<b>-</b>

### NOTE - 18

#### Change in inventories of finished goods and work-in-progress

	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>Inventories at the beginning of the year</b>		
Work In Process	-	-
Finished Goods	-	-
<b>Less :Inventories at the end of the year</b>		
Work In Process	3,52,624	-
Finished Goods	-	-
	<b>3,52,624</b>	<b>-</b>
<b>Add : excise duty on Finished goods</b>	<b>-</b>	<b>-</b>
<b>Net Increase/Decrease in finished goods and WIP</b>	<b>(3,52,624)</b>	<b>-</b>
<b>Detail of WIP at year end</b>		
- Steel Parts	3,52,624	-
	<b>3,52,624</b>	<b>-</b>

### NOTE - 19

#### EMPLOYEES BENEFIT EXPENSES

	31st March 2016 (Rs.)	31st March 2015 (Rs.)
Salaries, wages and bonus	32,790	1,42,416
Gratuity	-	1,397
Leave Encashment	-	2,504
<b>TOTAL (RS)</b>	<b>32,790</b>	<b>1,46,317</b>

### NOTE - 20

#### FINANCIAL COSTS

	31st March 2016 (Rs.)	31st March 2015 (Rs.)
Bank Charges	20,119	10,955
Other Interest	1,32,041	-
<b>TOTAL (RS)</b>	<b>1,52,160</b>	<b>10,955</b>



**AAN ENGINEERING INDUSTRIES LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

<b>NOTE - 21</b>	<b>31st March 2016</b>		<b>31st March 2015</b>	
<b>OTHER EXPENSES:</b>	<b>(Rs.)</b>		<b>(Rs.)</b>	
Consumption of Stores & Spares				
Electrical Spares Consumed		17,558		
Others Stores & Spares Consumed		6,11,388		2,843
Power & Fuel		3,64,088		
Sub Contractor Expenses		6,32,527		
Job work expenses		5,26,467		
Rent for Building		2,66,414		2,62,920
Repair & Maintenance		-		1,500
Rates & taxes		1,81,925		56,937
Legal & Professional Charges		58,186		1,29,234
Printing & Stationery		8,818		37,735
Testing & inspection charges		16,251		
Travelling Expenses		1,75,699		32,320
Development Expenses		68,000		
Misc expenses		1,083		746
<b>Payment to Auditor :</b>				
Audit Fee	22,900		22,472	
<b>In Other Capacity :</b>				
Taxation Matters	5,725	28,625	5,618	28,090
<b>TOTAL (RS)</b>		<b>29,57,028</b>		<b>5,52,325</b>

<b>NOTE - 22</b>	<b>31st March 2016</b>		<b>31st March 2015</b>	
<b>EXCEPTIONAL ITEMS</b>	<b>(Rs.)</b>		<b>(Rs.)</b>	
Excess depreciation added back due to change in Method(Refer Note 29)		(3,77,480)		-
<b>TOTAL (RS)</b>		<b>(3,77,480)</b>		<b>-</b>





**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Note - 23: Earning per share (EPS)**

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:

Particulars		31.03.2016	31.03.2015
Net Profit as per Statement of Profit & Loss (Rs.)	A	(16,18,472)	(7,81,681)
Weighted Average Number of Equity Shares outstanding during the year.[Nos]	B	50,000	50,000
Number of shares – Diluted	C	50,000	50,000
Basic Earning Per share (Rs.)	(A\B)	(32.37)	(15.63)
Diluted Earning Per share (Rs.)	(A\C)	(32.37)	(15.63)

**Note- 24: Retirement Benefits**  
**Defined benefit Plan**

The Company has not made any Provision on account of Gratuity and Leave encashment as the same was not applicable.

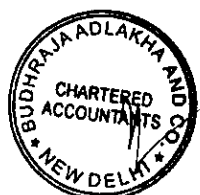
In the previous year the Company had made provision of gratuity and leave encashment as per revised Accounting Standard 15, based on Actuarial valuation using projected unit credit method and on following presumption

**Principal Actuarial Assumptions**

The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below :

**Gratuity and Leave Encashment Plan**

	31.03.2016	31.03.2015
Discount rate	-	7.75%
Salary escalation rate	-	5.25%
Expected Rate of return on plan Assets	-	2.00%



**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

The estimates of future salary increase considered in actuarial valuation taken on account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**Note -25: Related party disclosures**

**I) Related parties where control exists**

Name of Party	Relationship
Rico Auto Industries Ltd	Holding company
Rico Aluminium & ferrous auto components ltd.	Entity in which KMP exercise significant influence.

**II) Related parties with whom transactions have taken place during the year.**

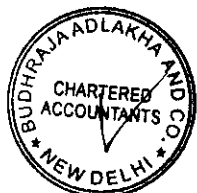
a) Rico auto industries limited (holding company)	31 <sup>st</sup> March 2016	31 <sup>st</sup> march 2015
	Rs.	Rs.
Short term loan taken	NIL	7,01,805
Long term loan taken	1,29,68,102	NIL
Job work income	7,65,648	NIL
Other expenses	40,405	NIL
Interest waived off	NIL	4,64,373
Rent Paid	2,66,414	2,62,920
Reimbursement of expenses	6,32,527	NIL
Loans (taken) payable	1,92,11,366	62,43,264
<b>Balance payable</b>	<b>45,28,793</b>	<b>45,27,448</b>
<b>b) Rico Aluminium and ferrous auto components limited</b>		
Job work expenses	5,24,930	NIL
<b>Balance payable</b>	<b>5,14,431</b>	<b>NIL</b>

**Note 26 – Dues to Micro Small and Medium enterprises cover under the Act,**

As at March 31, 2016, Rs. 23,38,755/- is outstanding to Micro and small enterprises. (As on March 31, 2015 is NIL). There is no interest due or outstanding on the same.

**Note 27- Capital and other commitments**

Estimated value of contracts on capital account, remaining to be executed and not provided for, amount to Rs. Nil (31st March 2015: Rs Nil).



**AAN ENGINEERING INDUSTRIES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Note 28- Contingent liabilities**

Particulars	For the year ended 31st March 2016	As on 31st March 2015
Claims against the company not acknowledged as debts	NIL	NIL
Guarantees issued by Bank on behalf of the Company and outstanding.	33,42,767	NIL

**Note 29 Effect due to change in accounting policy w.r.t. Depreciation**

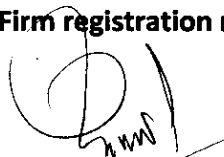
During the year, the Company has revised its accounting policy of providing depreciation from the written down value method to straight line method as per rates prescribed under schedule II of the Companies Act, 2013 in order to provide a more appropriate preparation and presentation of the financial statements of the company. The change in the above accounting policy has resulted in surplus of Rs 3,77,480 relating to previous years. Consequently, the net profit for the year is higher by Rs 3,77,480 and the Written down value of Plant and Machinery has increased by the same amount.

**Note -30 : Previous year figures**

Previous year figures have been regrouped and re-classified wherever necessary.

As per our report of even date  
 For BUDHRAJA ADLAKHA & CO.


Chartered Accountants  
 Firm registration no.: 005154N

  
**CA RAHOOL ADLAKHA**  
 Partner  
 Membership No. 083788



For and on behalf of Board of Directors of  
 AAN Engineering Industries Ltd

  
**Ish Mohit Pannu**  
 Whole Time Director  
 DIN-07181747

  
**Rajinder Singh Kundi**  
 Director  
 DIN-00203082

Place: Gurgaon  
 Date: 17<sup>th</sup> May, 2016

# UTTARAKHAND AUTOMOTIVES LIMITED

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## **Board of Directors**

Shri Rakesh Kapur - Chairman  
Shri Arun Kapur  
Shri Om Prakash Aggarwal

## **Auditors**

Budhraj Adlakha & Co.  
Chartered Accountants  
(Firm Registration No.005154N)  
New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurgaon - 122 001, Haryana (India)



**INDEPENDENT AUDITOR'S REPORT**

TO

**THE MEMBERS OF  
UTTARAKHAND AUTOMOTIVES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **UTTARAKHAND AUTOMOTIVES LIMITED** ('the Company'), which comprise the Balance Sheet as at **March 31, 2016**, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

The Company's management is responsible for the preparation of these financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The management is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or



error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

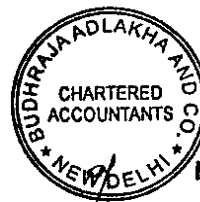
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

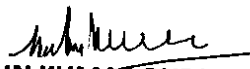
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and cash flow statement dealt with by this Report are in agreement with the books of account ;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.; and
  - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.



- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operation effectiveness of such controls, refer to our separate report in Annexure B, and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations.
  - ii. The Company does not have any material foreseeable losses on long-term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N

  
NALIN KUMAR BUDHRAJA  
(Partner)

Memb. No.: 084310

Place: Gurgaon  
Date: 17<sup>th</sup> May 2016

**Annexure –A to the Auditor’s Report**

**Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date.**

**RE: UTTARAKHAND AUTOMOTIVES LIMITED**

- i) The company does not have any Fixed Asset and hence, this clause is not applicable to the Company.
- ii) In the absence of inventory as on 31<sup>st</sup> march 2016, a paragraph 3(ii) of the Order is not applicable.
- iii) The Company has not granted any loans, secured or unsecured, to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii)(a) (b) and (c) of the Order are not applicable.
- iv) The company has not granted any loans and neither has made any investments.
- v) The Company has not accepted any deposits.
- vi) As per the information and explanations given to us, the company at present is not required to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013.
- vii) a) According to the information and explanations and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income tax and other material statutory dues applicable to it.  
  
According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Service Tax, Cess which were outstanding, as at March 31, 2016 for a period of more than six months, from the date they became payable.  
  
b) According to the information and explanations given to us, there are no dues of Income tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, and Cess which have not been deposited on account of any dispute.
- (viii) The company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix) The company has not raised any money by way of initial public offer or further public offers (including debt instruments) and does not have any term loans outstanding and has neither raised the same during the year.

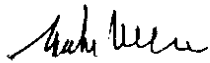




- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) No Managerial Remuneration has been paid during the year, hence clause 3(xi) of the Companies Auditors Report Order 2016 is not applicable.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) As per the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.



For BUDHRAJA ADLAKHA & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N

  
NALIN KUMAR BUDHRAJA  
(Partner)  
Memb. No.: 084310

Place: Gurgaon  
Date: 17<sup>th</sup> May 2016

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Uttarakhand Automotives Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

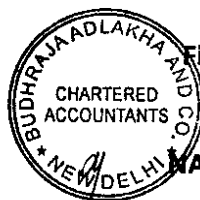
#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For BUDHRAJA ADLAKHA & CO.**

**Chartered Accountants**

**Firm's Reg. No.: 005154N**



**MALIN KUMAR BUDHRAJA**  
**(Partner)**

**Memb. No.: 084310**

**Place: Gurgaon**

**Date: 17<sup>th</sup> May 2016**

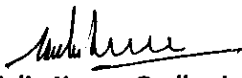
**UTTARAKHAND AUTOMOTIVES LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2016**

	NOTES	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	3	41,00,000	41,00,000
Reserves & Surplus	4	(34,40,373)	(897,29,119)
		<b>6,59,627</b>	<b>(856,29,119)</b>
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	5	37,55,000	1326,50,313
Other Current Liabilities	6	34,420	1,65,569
Short-Term Provisions	7	176,60,000	34,30,000
		<b>214,49,420</b>	<b>1362,45,882</b>
<b>TOTAL</b>		<b>221,09,047</b>	<b>506,16,763</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash And Cash Equivalents	8	41,291	2,13,912
Short Term loans & advances	9	9,95,664	9,95,664
Other Current Assets	10	210,72,092	494,07,187
		<b>221,09,047</b>	<b>506,16,763</b>
<b>TOTAL</b>		<b>221,09,047</b>	<b>506,16,763</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** 2.1

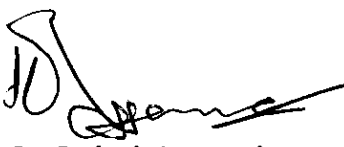
The accompanying notes 1 to 22 are an integral part of the Financial Statement.

As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm Registration No.:005154N

  
CA Nalin Kumar Budhraj  
Partner  
Membership No.084310



For and on behalf of Board of Directors  
Uttarakhand Automotives Limited

  
Om Prakash Aggarwal  
Director  
DIN-01537211

  
Rakesh Kapur  
Director  
DIN-00100359

Gurgaon  
Dated - 17th May 2016

**UTTARAKHAND AUTOMOTIVES LIMITED**

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR YEAR ENDING ON 31ST MARCH 2016**

	NOTES	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>INCOME</b>			
Revenue From Operations		-	-
Other Income	11	866,73,126	1101,77,465
<b>TOTAL REVENUE</b>	<b>"A"</b>	<b>866,73,126</b>	<b>1101,77,465</b>
<b>EXPENSES</b>			
Financial Costs	12	-	169
Other Expenses	13	3,84,380	86,61,936
<b>TOTAL EXPENSES</b>	<b>"B"</b>	<b>3,84,380</b>	<b>86,62,105</b>
<b>PROFIT/(LOSS) BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>	<b>("B"- "A")</b>	<b>862,88,746</b>	<b>1015,15,360</b>
Less : Exceptional Items	14	-	844,61,503
Profit/(Loss) Before Extraordinary Items And Tax		862,88,746	170,53,857
Add : Extraordinary Items		-	-
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>862,88,746</b>	<b>170,53,857</b>
<b>LESS : TAX EXPENSE:</b>			
Current Income Tax		176,60,000	-
Less: Mat Credit Entitlement		(176,60,000)	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>862,88,746</b>	<b>170,53,857</b>
<b>Earnings per equity share [nominal value of share Rs. 10 (31st March 2015 : Rs. 10)]</b>			
Number of Shares for the purpose of calculating EPS	16	4,10,000	4,10,000
Basic		210.46	41.59
Diluted		210.46	41.59

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2.1

The accompanying notes 1 to 22 are an integral part of the Financial Statement.

As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm Registration No.:005154N

CA Nalin Kumar Budhraj  
Partner  
Membership No.084310



For and on behalf of Board of Directors  
Uttarakhand Automotives Limited

Om Prakash Aggarwal  
Director  
DIN-01537211

Rakesh Kapur  
Director  
DIN-00100359

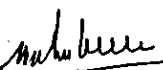
Gurgaon  
Dated - 17th May 2016

**UTTARAKHAND AUTOMOTIVES LIMITED**  
**CASH FLOW STATEMENT**

	31st March 2016 (Rs.)	31st March 2015 (Rs.)
<b>Cash Flow From Operating Activities</b>		
Profit before tax from continuing operations	862,88,746	170,53,857
Profit before tax from continuing operations	862,88,746	170,53,857
<b>Non-cash adjustment to reconcile profit before tax to net cash flows</b>		
Interest Paid/ Bank Charges	-	169
Loss On Assets Held for Sale	-	844,61,503
Remission of Interest payable(Refer Note No. 19)	-	(1101,77,372)
Waiver of Loan due to Holding Co.	(866,73,126)	-
Sundry Balance Written Off	-	(93)
<b>Operating Profit /(Loss) Before Working Capital Changes</b>	<b>(3,84,380)</b>	<b>(86,61,936)</b>
<b>Movements in working Capital :</b>		
Increase/(decrease) in other current liabilities	(1,31,149)	1,37,480
Decrease/(Increase) in long term advances	-	8,59,573
Decrease/(Increase) in other current assets	17,908	(44,25,664)
Decrease/(Increase) in short term provision	-	34,30,000
Cash generated from /(used in) operations	<b>(4,97,621)</b>	<b>(86,60,547)</b>
Income Tax Payment during the year	(34,30,000)	-
<b>Net cash flow from/(used in) operating activities (A)</b>	<b>(39,27,621)</b>	<b>(86,60,547)</b>
<b>Cash Flow From Investing Activities</b>		
Purchase of fixed assets, including intangible assets, CWIP and Capital advances	-	-
Sale of Fixed Assets	-	-
<b>Net Cash used from /(used in) Investing Activities (B)</b>	<b>-</b>	<b>-</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds/(Reduction) in short term borrowings	37,55,000	88,50,000
Interest Paid/Bank Charges	-	(169)
<b>Net Cash flow from /(used in) Financing Activities (C)</b>	<b>37,55,000</b>	<b>88,49,831</b>
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,72,621)	1,89,284
Cash and Cash Equivalents as at 01.04.2015 (Opening Balance)	2,13,912	24,628
Cash and Cash Equivalents as at 31.03.2016 (Closing Balance)	<b>41,291</b>	<b>2,13,912</b>
<b>Components of cash and cash equivalents</b>		
Cash on Hand	8,286	8,365
<b>With banks-</b>		
On Current Accounts	33,005	2,05,547
Total cash and cash equivalents (Note 10)	<b>41,291</b>	<b>2,13,912</b>

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As per our report of even date  
For Budhraj Adlakha & co  
Chartered Accountants  
Firm registration no. : 005154N

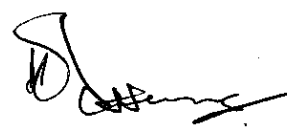
  
CA Nalin Kumar Budhraj  
Partner  
Membership No.084310




Gurgaon  
Dated - 17th May 2016

2.1

For and on behalf of Board of Directors  
Uttarakhand Automotives Limited

  
Om Prakash Aggarwal  
Director  
DIN-01537211

  
Rakesh Kapoor  
Director  
DIN-00100359

**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Note - 1: Corporate Information**

The Company was incorporated with Registrar of Companies, NCT of Delhi & Haryana vide CIN : U29253HR2007PLC036910 dated 04th June, 2007 as a private limited company and later converted to public limited company vide ROC certificate dated 29th September, 2007. The Company was promoted by two directors of RICO AUTO INDUSTRIES LTD.INDIA, and later their shareholding was taken over by RICO AUTO INDUSTRIES LTD making it a 100% Subsidiary company .The main objects of the company are manufacturing of auto components. But the company has not started manufacturing as yet.

**Note - 2: Basis of preparation**

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the company.

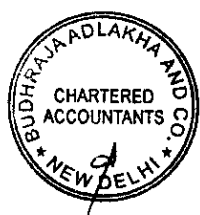
**Note - 2.1: Summary of significant accounting policies**

**a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Accounting for taxes on income**

- i) Current Tax is determined as the amount of tax payable in respect of taxable income for the period.
- ii) Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate at one period and capable of reversal of one and more subsequent period. Deferred Tax Assets are not recognized



**UTTARAKHAND AUTOMOTIVES LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

on unabsorbed depreciation and carried forward of losses unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**c. Earning per share**

Basic Earning Per Share (EPS) is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividend & attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity share are treated as a fraction of an equity shares to the extent they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of shares outstanding during the period is adjusted for the events of bonus issue; bonus element in right issue to existing shareholders; share split; and reserve share split (consolidation of shares).

For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**d. Provisions**

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

**e. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.





**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**f. Cash Flow**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

<b>NOTE - 3</b>	<b>31st March 2016</b>	<b>31st March 2015</b>
<b>SHARE CAPITAL</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>AUTHORISED SHARES</b>		
2,40,00,000 Equity Shares of Rs.10/- each (Previous Year 10,00,000 Equity Shares of Rs.10/- )	2400,00,000	2400,00,000
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
4,10,000 Equity Shares of Rs.10/- each fully paidup (Previous Year 4,10,000 Equity Shares of Rs.10/-)	41,00,000	41,00,000
<b>Total issued, subscribed and fully paid up share capital</b>	<b>41,00,000</b>	<b>41,00,000</b>

**a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year**

	<b>31st March 2016</b>		<b>31st March 2015</b>	
	<b>Nos.</b>	<b>Amount</b>	<b>Nos.</b>	<b>Amount</b>
At the beginning of the year	4,10,000	41,00,000	4,10,000	41,00,000
Issued during the year		-		-
<b>Outstanding at the end of the year</b>	<b>4,10,000</b>	<b>41,00,000</b>	<b>4,10,000</b>	<b>41,00,000</b>

**b) Terms/rights attached to equity shares**

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c) Shares held by holding company/ultimate holding company/susidiaries**

	<b>31st March 2016</b>		<b>31st March 2015</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
<b>Rico Auto Industries Limited (Holding Company)</b>				
Equity shares of Rs.10 each fully paid	4,10,000	100%	4,10,000	100%

**d) Details of shareholders holding more than 5% shares in the company**

	<b>31st March 2016</b>		<b>31st March 2015</b>	
	<b>Nos.</b>	<b>% holding in the class</b>	<b>Nos.</b>	<b>% holding in the class</b>
<b>Equity shares of Rs.10 each fully paid</b>				
Rico Auto Industries Limited (Holding Company)	4,10,000	100%	4,10,000	100%

<b>NOTE - 4</b>	<b>31st March 2016</b>	<b>31st March 2015</b>
<b>Reserves &amp; Surplus</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>Surplus/(Deficit) in Statement Profit &amp; Loss</b>		
Balance as per last Balance Sheet	(897,29,119)	(1067,82,976)
Add : Profit / (Loss) for the period / year	862,88,746	170,53,857
<b>TOTAL (RS)</b>	<b>(34,40,373)</b>	<b>(897,29,119)</b>



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

<b>NOTE - 5</b> <b>SHORT TERM BORROWINGS</b>	<b>31st March 2016</b> <b>(Rs.)</b>	<b>31st March 2015</b> <b>(Rs.)</b>
<b>Loans Repayable on Demand</b>		
From related party (unsecured)		
Rico Auto Industires Ltd (Refer Note 18)	37,55,000	1326,50,313
<b>TOTAL (RS)</b>	<b>37,55,000</b>	<b>1326,50,313</b>
<b>NOTE - 6</b> <b>OTHER CURRENT LIABILITIES</b>	<b>31st March 2016</b> <b>(Rs.)</b>	<b>31st March 2015</b> <b>(Rs.)</b>
<b>Other Payables</b>		
Expenses Payables	34,420	29,478
TDS payable	-	1,36,091
<b>TOTAL (RS)</b>	<b>34,420</b>	<b>1,65,569</b>
<b>NOTE - 7</b> <b>SHORT-TERM PROVISIONS</b>	<b>31st March 2016</b> <b>(Rs.)</b>	<b>31st March 2015</b> <b>(Rs.)</b>
Provision for Income Tax	176,60,000	34,30,000
<b>TOTAL (RS)</b>	<b>176,60,000</b>	<b>34,30,000</b>
<b>NOTE - 8</b> <b>CASH AND CASH EQUIVALENTS</b>	<b>31st March 2016</b> <b>(Rs.)</b>	<b>31st March 2015</b> <b>(Rs.)</b>
a) Cash on Hand	8,286	8,365
b) Balances with Banks :---		
Current Accounts	33,005	2,05,547
<b>TOTAL (RS)</b>	<b>41,291</b>	<b>2,13,912</b>
<b>NOTE - 9</b> <b>Short Term Loans &amp; Advances</b>	<b>31st March 2016</b> <b>(Rs.)</b>	<b>31st March 2015</b> <b>(Rs.)</b>
Amount Recoverable from Eldeco Sidcul Industrial Park Ltd.	9,95,664	9,95,664
	<b>9,95,664</b>	<b>9,95,664</b>
<b>NOTE - 10</b> <b>OTHER CURRENT ASSETS</b>	<b>31st March 2016</b> <b>(Rs.)</b>	<b>31st March 2015</b> <b>(Rs.)</b>
Land held for Sale	-	459,77,187
Mat Credit Entitlement	210,72,092	34,30,000
	<b>210,72,092</b>	<b>494,07,187</b>
<b>NOTE - 11</b> <b>OTHER INCOME</b>	<b>31st March 2016</b> <b>(Rs.)</b>	<b>31st March 2015</b> <b>(Rs.)</b>
Remission of Interest payable(Refer Note No. 19)	-	1101,77,372
Waiver of Loan due to Holding Co.	866,73,126	-
Sundry Balance Written Off	-	93
<b>TOTAL (RS)</b>	<b>866,73,126</b>	<b>1101,77,465</b>



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS**

<b>NOTE - 12</b>	<b>31st March 2016</b>	<b>31st March 2015</b>
<b>FINANCIAL COSTS :</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Bank Charges	-	169
<b>TOTAL (RS)</b>	<b>-</b>	<b>169</b>

<b>NOTE - 13</b>	<b>31st March 2016</b>	<b>31st March 2015</b>
<b>OTHER EXPENSES :</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Fees & Taxes	40	39
Interest on TDS / Income Tax	3,44,270	78,390
Legal & Professional Charges	5,645	11,033
Printing & Stationary	-	300
ROC Filing Fees	5,800	17,39,550
Maintenance Charges	-	68,04,534
<b>Payment to Auditors :</b>		
<b>As auditor:</b>		
- Audit Fee	22,900	22,472
<b>Other capacity:</b>		
↳ Taxation Matters	5,725	5,618
<b>TOTAL (RS)</b>	<b>3,84,380</b>	<b>86,61,936</b>

<b>NOTE - 14</b>	<b>31st March 2016</b>	<b>31st March 2015</b>
<b>EXCEPTIONAL ITEMS</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
Loss on assets held for sale	-	844,61,503
<b>TOTAL (RS)</b>	<b>-</b>	<b>844,61,503</b>

**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Note 15: Merger of the Company**

The Board of Directors of the Company at their meeting held on February 4<sup>th</sup>, 2016 have approved the scheme of arrangement providing for amalgamation of the Company with its holding company, Rico Auto Industries Limited with the appointed date of 1st April, 2015. The scheme is subject to requisite approvals from Hon'ble High Court of Punjab and Haryana and various other statutory authorities as may be required.

**Note - 16: Earning per share (EPS)**

Earning per share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:

<b>Particulars</b>		<b>As on 31.03.2016</b>	<b>As on 31.03.2015</b>
Net Profit as per Statement of Profit & Loss (Rs.)	A	86,288,746	17,053,856
Weighted Average Number of Equity Shares outstanding during the year.[Nos]	B	410000	410000
Number of shares – Diluted		410000	410000
Basic Earning Per share (Rs.)	(A\B)	210.46	41.59
Diluted Earning Per share (Rs.)	(A\C)	210.46	41.59

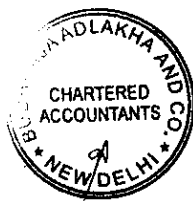
**Note- 17: Retirement Benefits**

Company has not made provision for EPF, ESI and Gratuity and Leave Encashment, as same is not applicable in the absence of any employee.

**Note - 18: Related party disclosures**

**I) Related parties where control exists**

<b>Name of Party</b>	<b>Relationship</b>
<b>a. Rico Auto Industries Ltd</b>	<b>Holding Company</b>



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**ii) Related parties with whom transactions have taken place during the year.**

Name of the Company	Rico Auto Industries Ltd.	
	March 31, 2016	March 31, 2015
Loan Taken (During the year)	37,55,000	88,50,000
Sale of Land	4,59,77,187	NIL
Waiver of Loan Payable.	8,66,73,126	NIL
Waiver of Interest Payable	NIL	11,01,77,372
Balance Payable	37,55,000	13,26,50,351

**Note - 19: Waiver of Loan and Interest**

The Company had during the previous year entered into an agreement with its holding company, Rico Auto Industries Limited (Rico), wherein it was agreed that the land owned by the company shall be sold to Rico Auto Industries Ltd. for a sum of Rs 4, 59,77,187 and this sale consideration shall be adjusted against the loan outstanding payable to Rico Auto Industries Ltd. The balance loan, amounting to Rs. 8,66,73,164/- after the adjustment of sales consideration of land , has been waived by Rico and the waiver has been taken as Income in the books of the Company.

**Note - 20: Contingent Liabilities**

**Contingent liabilities not provided for**

**March 31, 2016**

**Rs.**

**March 31, 2015**

**Rs.**

i) Estimated amount of contracts remaining  
To be executed on capital account and provided  
For (net of Advances)

NIL

NIL

ii) Demand against the company acknowledged  
as liability i.e. income tax ,sales tax etc.

NIL

NIL

**Note - 21: Expenditure in foreign Currency**

**March 31, 2016**

**Rs.**

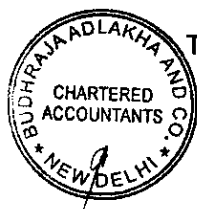
**March 31, 2015**

**Rs.**

Travel expenses

NIL

NIL

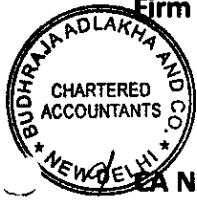



**UTTARAKHAND AUTOMOTIVES LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Note -22: Previous year figures**

Previous year figures have been regrouped and re-classified wherever necessary.

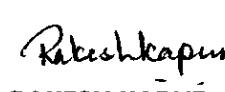
As per our report of even date  
For BUDHRAJA ADLAKHA & CO.  
CHARTERED ACCOUNTANTS  
Firm registration no.: 005154N



  
CA NALIN KUMAR BUDHRAJA  
(Partner)  
Membership No. 084310

For and on behalf of Board of Directors of  
Uttarakhand Automotives Limited

  
OM PRAKASH AGGARWAL  
(DIRECTOR)  
DIN-01537211

  
RAKESH KAPUR  
(DIRECTOR)  
DIN-00100359

Place: Gurgaon  
Date: 17<sup>th</sup> May, 2016

# **RICO AUTO INDUSTRIES INC., USA**

---

## **Board of Directors**

Shri Arvind Kapur  
Shri Rakesh Kapur  
Shri Om Prakash Aggarwal  
Shri Naresh Kumar Sethi

## **Auditors**

Grant Thornton India LLP  
(Formerly Grant Thornton India)  
New Delhi (India)

## **Registered Office**

6338, Sashabaw Road  
Clarkstone, MI 48346  
USA



Financial Statements and Report of Independent Auditors

Rico Auto Industries, Inc.

Year ended March 31, 2016 and 2015

## Contents

	<b>Page</b>
Report of Independent Auditors'	3-4
Balance Sheets	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to Financial Statements	9-16

**Grant Thornton India LLP**  
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Jacaranda Marg, DLF Phase II  
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India

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## REPORT OF INDEPENDENT AUDITORS'

Board of Directors  
**Rico Auto Industries, Inc.**

We have audited the accompanying financial statements of Rico Auto Industries, Inc. (a Delaware Corporation) (the 'Company'), which comprise the balance sheets as of March 31, 2016 and 2015, and the related statement of comprehensive income, changes in stockholders' equity, cash flows for the years then ended and the related notes to the financial statements.

### Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rico Auto Industries, Inc. as of March 31, 2016 and 2015 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Grant Thornton India LLP.*

New Delhi, India  
May 17, 2016



**RICO Auto Industries, Inc.**  
**Financial Statements for the year ended March 31, 2016**

**Balance Sheet**

	Note	As at March 31,	
		2016	2015
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	B	\$65,907	\$29,603
Inventories	C	\$5,365,021	\$4,094,545
Accounts receivable, net	D	\$5,087,879	\$3,055,545
Other current assets	E	\$2,136	\$2,080,225
<b>Total current assets</b>		<b>\$10,520,943</b>	<b>\$9,259,918</b>
<b>Non current assets</b>			
Property and equipment, net	F	\$254	\$339
Other non current assets	E	\$147,504	\$53,369
<b>Total Non current assets</b>		<b>\$147,758</b>	<b>\$53,708</b>
<b>Total assets</b>		<b>\$10,668,701</b>	<b>\$9,313,626</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		\$6,652,540	\$6,032,951
Accrued expenses and other liabilities	G	\$770,525	\$397,174
Income taxes payable		\$190,264	\$103,840
<b>Total current liabilities</b>		<b>\$7,613,329</b>	<b>\$6,533,965</b>
<b>Total liabilities</b>		<b>\$7,613,329</b>	<b>\$6,533,965</b>
<b>Stockholder's equity</b>			
Common stock (\$10 par value, 2,500 authorised shares; 2,500 issued and outstanding shares as of March 31, 2016 and March 31, 2015)		\$25,000	\$25,000
Retained earnings		\$3,030,372	\$2,754,661
<b>Total shareholder's equity</b>		<b>\$3,055,372</b>	<b>\$2,779,661</b>
<b>Total Liabilities and Stockholder's equity</b>		<b>\$10,668,701</b>	<b>\$9,313,626</b>

*The accompanying notes are an integral part of these financial statements.*



For Rico Auto Industries Inc.

**Authorised Signatory**

**RICO Auto Industries, Inc.**  
**Financial Statements for the year ended March 31, 2016**

**Statement of comprehensive income**

	Year ended March 31,	
	2016	2015
<b>Revenue:</b>		
Sale of traded goods	\$21,063,851	\$14,828,008
Tooling sales	\$1,130,484	\$45,785
Scrap sales	-	\$2,178
<b>Total Revenue</b>	<b>\$22,194,335</b>	<b>\$14,875,971</b>
<b>Expenses</b>		
Cost of goods sold	\$21,479,757	\$14,245,027
Selling expenses	\$135,077	\$204,003
General and administrative Expenses	\$98,158	\$118,329
<b>Total Expenses</b>	<b>\$21,712,992</b>	<b>\$14,567,359</b>
<b>Operating Income</b>	<b>\$481,343</b>	<b>\$308,611</b>
Finance charges (net of other income)	\$3,720	\$29,854
<b>Income before tax</b>	<b>\$477,623</b>	<b>\$278,758</b>
Tax expense (See Note J)	\$201,912	\$103,840
<b>Net income</b>	<b>\$275,711</b>	<b>\$174,918</b>
<b>Total comprehensive income for the year</b>	<b>\$275,711</b>	<b>\$174,918</b>

*The accompanying notes are an integral part of these financial statements.*



**For Rico Auto Industries Inc.**

*[Handwritten Signature]*  
**Authorised Signatory**  
*[Handwritten Signature]* *[Handwritten Signature]*

**Rico Auto Industries, Inc.**  
**Financial Statements for the year ended March 31, 2016**

**Statement of changes in Stockholder's Equity**

	Common stock		Retained earning	Total stockholder's equity
	Number of Shares	Amount		
<b>Balance as at March 31, 2015</b>	<b>2,500</b>	<b>\$25,000</b>	<b>\$2,579,743</b>	<b>\$2,604,743</b>
Net Income for the year	-	-	\$174,918	\$174,918
<b>Balance as at April 1, 2015</b>	<b>2,500</b>	<b>\$25,000</b>	<b>\$2,754,661</b>	<b>\$2,779,661</b>
Net Comprehensive Income for the year	-	-	\$275,711	\$275,711
<b>Balance as at March 31, 2016</b>	<b>2,500</b>	<b>\$25,000</b>	<b>\$3,030,372</b>	<b>\$3,055,372</b>

*The accompanying notes are an integral part of these financial statements.*



For Rico Auto Industries Inc.

*[Handwritten signature]*

**Authorised Signatory**

*[Handwritten initials]*

Rico Auto Industries, Inc.  
 Financial Statements for the year ended March 31, 2016

Statements of Cash Flows

	Year ended March 31,	
	2016	2015
<b>Cash Flows From Operating Activities:</b>		
Net income	\$275,711	\$174,918
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	-	\$167
Provision for doubtful debts	-	\$8,789
Provision for Inventory write down	-	\$19,763
Balance Written off (Income)	-	(\$15,967)
<b>Changes in operating assets and liabilities</b>		
Accounts receivable	(\$2,032,334)	(\$1,007,261)
Inventories	(\$1,270,475)	(\$667,113)
Other assets - current and non-current	\$1,983,952	(\$835,815)
Trade payables	\$619,589	\$3,416,690
Accrued expenses and other liabilities	\$373,352	(\$1,176,989)
Income taxes payable	\$86,424	\$20,484
<b>Net cash generated from/(used in) operating activities</b>	<b>\$36,219</b>	<b>(\$62,334)</b>
<b>Cash Flow From Investing Activities</b>	-	-
<b>Net cash flow from investing activities</b>	-	-
<b>Cash Flow From Financing Activities</b>	-	-
<b>Net cash provided by financing activities</b>	-	-
<b>Net increase/(decrease) in cash and bank balances</b>	<b>\$36,219</b>	<b>(\$62,334)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>\$29,603</b>	<b>\$91,937</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$65,822</b>	<b>\$29,603</b>
<b>Supplemental Disclosure Of Cash Flow Information:</b>		
Cash paid for taxes	\$147,504	\$53,369



For Rico Auto Industries Inc.

*[Handwritten Signature]*

Authorised Signatory

*[Handwritten Signature]*



## **NOTE A – BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1. Organization and nature of operations**

Rico Auto Industries, Inc. ("the Company") was incorporated under the laws of state of Delaware, United States of America. The Company is a wholly owned subsidiary of Rico Auto Industries, Limited, an Indian public limited company. The Company has commenced business operations from January 2002 and is engaged in the business of marketing and selling auto components manufactured by Rico Auto Industries Limited.

### **2. Summary of significant accounting policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **2.1 Overall considerations**

The accompanying financial statement have been prepared under the historical cost convention on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP") to reflect the financial position, results of operations, statement of changes in stockholders' equity and cash flows of the Company.

#### **2.2 Use of estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. There are no significant estimates and assumptions are made by the company in preparing these financial statements. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

#### **2.3 Cash and cash equivalents**

The Company considers all highly liquid investments with an original maturity of ninety days or less to be cash equivalents. Cash consist of cash in current accounts maintained with banks.

#### **2.4 Inventories**

Inventories consist of finished goods, goods in transit, packaging materials and components, and are stated at the lower of cost or market value. The cost is determined using first-in-first-out method and includes purchase price and attributable direct costs, less trade discounts and provisions.



**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
March 31, 2016 and 2015

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**NOTE A (Continued)**

**2.5 Revenue Recognition**

Revenue from sales of auto components is recognized when the significant risks and rewards in respect of ownership of products are transferred to the customer at the time of receipt of products by the customer and when the following criteria are met:

- Delivery has occurred
- Persuasive evidence of an arrangement exists;
- The price to the buyer is fixed and determinable; and
- Collectability of the sales price is reasonably assured.

Provisions for sales discounts and other rebates and damaged product returns are established as a reduction of product sales revenues.

**2.6 Cost of revenues**

The Company's cost of revenues, primarily consist of the cost of purchase of auto components and other direct material costs.

**2.7 Leases**

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the statement of comprehensive income on a straight line basis, over the lease term, as per ASC 840 "Leases".

**2.8 Income taxes**

The provision for current income tax expense is estimated in accordance with the relevant regulations applicable to the Company. The Company accounts for deferred income taxes under the full liability method, in accordance with the provisions of ASC 740 "Income Taxes". Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between carrying amounts of existing assets and liabilities in the financial statements and their respective tax basis. Deferred income tax assets and liabilities are measured using enacted tax rates for respective tax jurisdictions as on the date of the financial statements. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period of change. Based on management's judgment, the measurement of deferred income tax assets is reduced, if necessary, by a valuation allowance for any tax benefits where it is more likely than not, that some portion or all of such benefits will not be realized.



**NOTE A (Continued)**

**2.9 Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on a straight-line method over the estimated useful life of the respective assets.

**2.10 Provisions and Contingencies**

**Provisions**

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are not discounted unless the timing of the related cash flows is fixed or reliably determinable. Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**Contingent liabilities**

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or where the amount of the obligation cannot be determined reliably, no liability is recognized.

**Contingent assets**

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

**2.11 Employee compensation**

**Short term employee benefits**

Short term employee benefits mainly comprise of employee costs such as salaries, bonuses, and other allowances.

**Post-employment benefits**

The Company does not provide any post-employment benefits.



**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
 March 31, 2016 and 2015

**2.12 Reclassifications**

Certain reclassifications have been made to the financial information of the comparative period to conform to the classification and presentation of the current period. These reclassifications had no effect on reported earnings.

**NOTE B - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

	As at March 31, 2016	As at March 31, 2015
Balances with banks in current accounts	\$65,907	\$29,603
<b>Total</b>	<b>\$65,907</b>	<b>\$29,603</b>

**NOTE C – INVENTORIES**

Inventories comprise of the following:

	As at March 31, 2016	As at March 31, 2015
Finished goods – imported	\$3,097,618	\$2,003,447
Finished goods in transit	\$2,267,403	\$2,110,861
Less: Provision made in inventory	-	(\$19,763)
<b>Total</b>	<b>\$5,365,021</b>	<b>\$4,094,545</b>

**NOTE D – ACCOUNTS RECEIVABLE**

Accounts receivable that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported in the balance sheets at outstanding amount less any charge-offs and the allowance for doubtful accounts. The Company charges-off uncollectible receivables when the likelihood of collection is remote. Generally, the Company considers receivables past due 30 days subsequent to the billing date; however, the Company may extend credit terms up to 60 days. The Company performs ongoing credit evaluations of its customers, and generally extends credit without requiring collateral. Credit is extended based on prior experience with a customer and evaluation of customer's financial condition. The Company maintains an allowance for doubtful accounts based on management's expectations of future losses, which is determined based on historical experience and current economic environment. Losses have historically been within management's expectations. Accounts receivables are charged to bad debt expense when they are deemed uncollectible based upon management's periodic review of the accounts.



**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
 March 31, 2016 and 2015

The analysis of accounts receivable is as follows:

	As at March 31, 2016	As at March 31, 2015
Accounts receivables	\$5,087,879	\$3,064,334
Less: Provisions for uncollectibles	-	(\$8,789)
<b>Balance at the end</b>	<b>\$5,087,879</b>	<b>\$3,055,545</b>

**NOTE E – OTHER ASSETS**

Other assets comprise of the following:

	As at March 31, 2016	As at March 31, 2015
Prepaid income taxes	\$147,504	\$53,369
Prepaid expenses	\$2,136	\$1,635
Advance to related party	-	\$2,078,590
	<b>\$149,640</b>	<b>\$2,133,594</b>
Other current assets	\$2,136	\$2,080,225
Other noncurrent assets	\$147,504	\$53,369

**NOTE F – PROPERTY AND EQUIPMENT, NET**

Property and equipment comprises of the following:

	As at March 31, 2016	As at March 31, 2015
<b>Computer</b>		
Gross block	\$2,449	\$2,449
Less: Accumulated Depreciation	(\$2,195)	(\$2,110)
Total	<b>\$254</b>	<b>\$339</b>
Depreciation charged during the year	\$85	\$167

**NOTE G – ACCRUED EXPENSES AND OTHER LIABILITIES**

Other liabilities comprise of the following:

	As at March 31, 2016	As at March 31, 2015
Advance from customers	\$758,525	\$345,292
Other expenses payable	\$12,000	\$51,882
Total	<b>\$770,525</b>	<b>\$397,174</b>
<b>Current</b>	<b>\$770,525</b>	<b>\$397,174</b>
<b>Non-current</b>		



**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
 March 31, 2016 and 2015

**NOTE H – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash equivalents, other assets and accrued expenses and liabilities because of the short-term maturities approximate their fair value.

**NOTE I – FINANCIALS INSTRUMENTS AND CONCENTRATION OF RISK**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of accounts receivables. By their nature, all such financial instruments involve risk including the credit risk of non-performance by counter parties. The Company monitors the credit worthiness of its customers to which it grants credit terms in the normal course of the business. Two Customers account for more than 77% of the total revenues and 82% of the total receivables of the Company. *(Previous year 64% and 65% respectively).*

Significant portion of the purchases made by the Company for the year ended March 31, 2016 and 2015 were from Rico Auto Industries, Limited, which accounted for 100% of the accounts payable.

**NOTE J – INCOME TAXES**

Income taxes comprise of the following:

	<b>For March 31, 2016</b>	<b>For March 31, 2015</b>
<b>Income tax expense</b>		
Federal tax	\$164,152	\$86,880
State tax	\$29,098	\$16,960
<b>Deferred income tax expense</b>		
Current year (Refer Note J.1)	\$8,662	-
<b>Total tax expense</b>	<b>\$201,912</b>	<b>\$103,840</b>

The reported amount of income tax expense recognized in the Statement of comprehensive income does not differ from the amount that would result from applying the domestic federal statutory rates to pre-tax income from operations. There are no unrecognized tax positions as of March 31, 2016 and March 31, 2015.

**Note J.1 Deferred Tax**

Deferred income taxes result from significant temporary differences between income from financial reporting purposes and taxable income. Deferred income tax components as March 31, 2016 are as follows:

	<b>For March 31, 2016</b>	<b>For March 31, 2015</b>
<b>Deferred tax liability</b>		
Capitalization of certain expenses in inventory cost	\$8,662	-
	<b>\$8,662</b>	<b>-</b>



**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
March 31, 2016 and 2015

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**NOTE K – STOCKHOLDERS' EQUITY**

**Voting**

Each holder of common stock is entitled to one vote in respect of each share held by him in the records of the Company for all matters submitted to a vote.

**Liquidation**

In the event of liquidation of the Company, the holders of common stock shall be entitled to receive all of the remaining assets of the Company, after distribution of all preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the stockholders.

**NOTE L – CONTINGENT LIABILITIES**

The Company is subject to legal proceedings and claims, which may arise in the ordinary course of business. In the opinion of the management, these actions are not expected to have a material effect on the results of operations of the financial position of the Company.

**NOTE M - RELATED PARTY TRANSACTIONS**

**A. Name and nature of related parties**

<b>Name of related party</b>	<b>Nature of relationship</b>
Rico Auto Industries Limited	Holding Company

**B. The following is a summary of related party transactions during the year:**

**I. Purchase of auto components**

Rico Auto Industries Limited( <i>Including finished goods in transit</i> )	\$21,447,901 ( <i>Previous year \$14,339,067</i> )
--	--

**II. Balances outstanding at year end:**

**Accounts payable**

Rico Auto Industries Limited( <i>including goods in transit</i> )	\$6,578,274( <i>Previous year \$6,032,951</i> )
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**Advances Given**

Rico Auto Industries Limited	\$NIL( <i>Previous year \$2,078,590</i> )
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**RICO AUTO INDUSTRIES, INC.**  
**NOTES TO FINANCIAL STATEMENT**  
March 31, 2016 and 2015

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**NOTE N – EMPLOYEE BENEFITS**

Employees of Rico Auto Industries, Inc. receive benefits under social security schemes, which is a defined contribution plan based on specified percentage of employee's salary. The amount contributed \$1,004 and \$5,171 to various social security schemes that have been recognized as an expense in the Statement of comprehensive income for the year ended March 31, 2016 and 2015 respectively.

Also, the expense have been grouped with selling expense on the basis of function amounting to \$125,004 (previous year \$72,121).


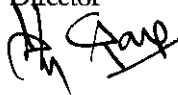
**NOTE O – AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the year ended March 31, 2016 were approved by the Board of directors on May 17, 2016.

**NOTE P – SUBSEQUENT EVENTS**

The Company has evaluated all events subsequent to the balance sheet date of March 31, 2016, through May 17, 2016, which is the date these financial statements were issued, and have determined that there are no subsequent events that require disclosure under FASB ASC 855, 'Subsequent Events'.

For and on behalf of Board of Directors

  
Director  






Rico Auto Industries Inc.,USA					
Balance Sheet As At					
		@ 65.32		@ 61.048	
Particulars	Schedule	As at Mar 31, 2016 - US\$	As at Mar 31, 2016 - INR	As at March 31, 2015 - US\$	As at March 31, 2015 - INR
		Provisional	Provisional	Audited	Audited
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDER'S FUNDS</b>					
Share Capital	1	25000	1216850	25000	1526200
Exchange Equilisation Reserve			20545170		
Reserves & Surplus	2	3030372	180328822	6498568	168166595
Loan Funds	3	0	0	0	0
<b>TOTAL</b>		<b>3055372</b>	<b>202090841</b>	<b>2779662</b>	<b>169692795</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	4	2449	161980	2449	149503
Less : Depreciation		2195	145183	2110	128811
<b>Net Block</b>		<b>254</b>	<b>16797</b>	<b>339</b>	<b>20692</b>
<b>INVESTMENTS</b>	5	0	0	0	0
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	6	5365021	354857483	4094545	249963802
Sundry Debtors	7	5087879	336526590	2710253	165455540
Cash & Bank Balances	8	65907	4359275	29603	1807203
Loans & Advances	9	2136	141281	55004	3357909
		<b>10520943</b>	<b>695884630</b>	<b>6889406</b>	<b>420584454</b>
Less : Current Liabilities & Provisions	10	7465825	493810586	4110083	250912352
<b>Net Current Assets</b>		<b>3055118</b>	<b>202074044</b>	<b>2779323</b>	<b>169672102</b>
Deffered Tax Assets		0	0	0	0
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off or adjusted)	11	0	0	0	0
<b>TOTAL</b>		<b>3055372</b>	<b>202090841</b>	<b>2779662</b>	<b>169692794</b>

<b>Rico Auto Industries Inc., USA</b>					
<b>Profit and Loss account</b>					
		<b>@ 65.32</b>		<b>@ 61.05</b>	
Particulars	Schedule No.	Period Ended Mar 31, 2016 - US\$	Period Ended Mar 31, 2016 - INR	Period Ended Mar 31, 2015 - US\$	Period Ended Mar 31, 2015 - INR
		Provisional	Provisional	Audited	Audited
<b>INCOME</b>					
Sales - Components	12	21063851	1375960244	14830187	905353232
Sales - Scrap					
Sales - Tooling		1130484	73846945	6498568	4150487
		<b>22194335</b>	<b>1449807190</b>	<b>14898174</b>	<b>909503719</b>
<b>EXPENDITURE</b>					
Manufacturing & Other Expenses	13	21724556	1419119710	14551226	888299609
Financial Charges	14	3720	242991	68022	4152599
Miscellaneous Expenditure written off		0	0	0	0
		<b>21728276</b>	<b>1419362700</b>	<b>14619248</b>	<b>892452208</b>
Profit before Depreciation		466059	30444489	278926	17051511
Depreciation		85	5552	168	10256
Profit After Depreciation		465974	30438937	278758	17041255
		<b>2.10%</b>	<b>2.10%</b>	<b>1.87%</b>	<b>1.87%</b>
Provision for Income Tax		190264	12428672	103840	6339224
Reversal of Deffered Tax Assets		0	0	0	0
Profit After Tax		275710	18010265	174918	10702031
Less : Previous Year Income tax paid		0	0	0	0
Amount Available for Appropriations		<b>275710</b>	<b>18010265</b>	<b>174918</b>	<b>10702031</b>
	%	<b>1.24%</b>	<b>1.24%</b>	<b>1.17%</b>	<b>1.18%</b>
<b>APPROPRIATIONS</b>					
Balance carried over to Balance Sheet		275710	18010265	174918	10702031
		<b>275710</b>	<b>18010265</b>	<b>174918</b>	<b>10702031</b>

Rico Auto Industries Inc., USA					
Schedules to Balance Sheet					
Particulars	Grps#	@ 65.32		@ 61.048	
		As at Mar 31, 2016 - US\$	As at Mar 31, 2016 - INR	As at March 31, 2015 - US\$	As at March 31, 2015 - INR
		Provisional	Provisional	Audited	Audited
<b>Schedule 1 - Share Capital</b>					
AUTHORISED		2683711.34			
2500 Equity Shares US\$ 10 Par		<b>25000</b>	<b>1182250</b>	<b>25000</b>	<b>1182250</b>
<b>ISSUED , SUBSCRIBED AND PAID-UP</b>					
2500 Equity Shares US\$ 10 Par		25000	1216850	25000	1526200
*(Previous Period 2500 Equity Shares US\$ 10 Par)					
Exchange Fluctuation					
		<b>25000</b>	<b>1216850</b>	<b>25000</b>	<b>1526200</b>
<b>Schedule 2 - Reserves &amp; Schedules</b>					
<b>SURPLUS</b>					
As per Last Balance Sheet		2754662	162318557	2579744	157473095
Add : Transferred from Profit & Loss Account		275710	18010265	174918	10702031
		<b>3030372</b>	<b>180328822</b>	<b>2754662</b>	<b>168175126</b>
<b>Schedule 3- Loan Funds</b>					
		0	0.00	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Schedule 4- Fixed Assets</b>					
		2449	161980	2449	149503
		<b>2449</b>	<b>161980</b>	<b>2449</b>	<b>149503</b>
<b>Schedule 5- Investments</b>					
		0	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Schedule 6- Inventories</b>					
(As valued and certified by the Management)					
Goods in Transit		3097618	204885119	2110861	128863839
Finished Goods		2267403	149972364	1983684	121099963
Packing Materials		0	0	0	0
		<b>5365021</b>	<b>354857483</b>	<b>4094545</b>	<b>249963802</b>
<b>Schedule 7 - Sundry Debtors</b>					
(Unsecured considered good)					
Debts outstanding for a period exceeding six months			0		0
Other Debts	d	5087879	336526590	2719042	165992069
Less : Provision for Uncollectibles		0	0	-8789	-536530
		<b>5087879</b>	<b>336526590</b>	<b>2710253</b>	<b>165455540</b>
<b>Schedule 8 - Cash and bank Balances</b>					
Balances with scheduled banks					
In current accounts		65907	4359275	29603	1807203
		<b>65907</b>	<b>4359275</b>	<b>29603</b>	<b>1807203</b>
<b>Schedule 9 - Loans and Advances</b>					
(Unsecured considered good)					
Advances recoverable in cash or in kind or for value to be received	e	2136	141281.02	1635.4	99838
Income Tax Recoverable FY2012-13	j	0	0	0	0
Advance Tax FY2015-16		0	0	53369	3258071
		<b>2136</b>	<b>141281</b>	<b>55004</b>	<b>3357909</b>
<b>Schedule 10 - Current Liabilities and Provisions</b>					
Sundry Creditors - Trade	c	6652540	440017613	3993443	243791713
Advance from Customer		758525	50170993	0	0
Expenses Payable	a	12000	793714	12800	781414
Income Tax Provision- for the year till date		42760	2828266	103840	6339224
		<b>7465825</b>	<b>493810586</b>	<b>4110083</b>	<b>250912352</b>
<b>Schedule 11 - Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)					
		0	0	0	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Rico Auto Industries Inc.,USA					
Schedules to Profit & Loss Account					
Particulars	Grps#	@ 65.32		@ 61.048	
		Period Ended Mar 31, 2016 - US\$	Period Ended Mar 31, 2016 - INR	Period Ended Mar 31, 2015 - US\$	Period Ended Mar 31, 2015 - INR
		Provisional	Provisional	Audited	Audited
<b>Schedule 12 - Sales &amp; other Income</b>					
Sales - Components		21,063,851	1,375,960,244	14,830,187	905,353,232
Sales - Tooling		1,130,484	73,846,945	45,785	2,795,083
Sales - Other Income		-	-	22,202	1,355,404
	<b>i</b>	<b>22,194,335</b>	<b>1,449,807,190</b>	<b>14,898,174</b>	<b>909,503,719</b>
<b>Schedule 13 - Manufacturing &amp; Other Expenses</b>					
<b>Cost of Sales</b>					
Purchases of Raw Materials		20,384,220	1,331,797,018	14,302,439	873,135,286
Add : Opening Finished Goods		1,983,684	131,206,439	1,607,856	98,156,422
Less : Closing Finished Goods		2,267,403	149,972,364	1,983,684	121,099,963
Net Raw Materials consumed		20,100,502	1,313,031,093	13,926,611	850,191,744
Components (USA)		-	-	-	-
Purchase Tooling ( Rico India )		1,063,681	69,483,153	36,628	2,236,066
Balance Written Off		-	-	(15,967)	(998,416)
Job Work Charges		50,661	3,309,344	22,637	1,381,947
Consumables		3,561	232,633	-	-
Packing Materials		-	-	2,069	126,285
Warehousing Expenses	<b>b</b>	261,354	17,072,485	257,083	15,694,421
		<b>21,479,758</b>	<b>1,403,128,708</b>	<b>14,229,061</b>	<b>868,632,047</b>
<b>Administrative Expenses</b>					
Inspection & Rework Expenses		-	-	-	-
Testing Expenses		(3,001)	(196,027)	-	-
Salaries (Tom, Rebacca & Jeff )	<b>h</b>	125,004	8,165,681	72,121	4,402,821
Audit Fees		11,500	751,218	12,000	732,576
Legal & Professional	<b>g</b>	40,434	2,641,276	58,350	3,562,129
Fees & Taxes		1,545	100,924	-	-
Rent		12,000	783,880	12,000	732,576
Insurance (Warehouse & Worker Policy)	<b>f</b>	2,898	189,333	2,865	174,878
Bond service & premium		-	-	550	33,576
Administration Expenses		12,000	783,880	12,000	732,576
		<b>202,381</b>	<b>13,220,165</b>	<b>169,885</b>	<b>10,371,133</b>
<b>General Expenses</b>					
Travelling Expenses		11,685	763,347	2,872	175,362
Printing & Stationary		58	3,772	1,326	80,945
Telephone Expenses		7,904	516,301	4,473	273,074
Postage & Courier		1,014	66,248	1,500	91,572
General Expenses + Short & Excess		35	2,309	(42)	(2,552)
		<b>20,696</b>	<b>1,351,976</b>	<b>10,130</b>	<b>618,402</b>
<b>Income Tax paid</b>					
		11,648	760,886	-	-
<b>Selling Expenses</b>					
Sales Promotion		4,805	313,890	3,580	218,541
Freight Charges		-	-	-	-
Freight Charges		3,000	195,970	128,302	7,832,606
Clearing & Forwarding		-	-	-	-
Prior Period Exp		-	-	1,480	90,351
Provi. For Uncollectible D/D		2,267	148,114	8,789	536,530
		<b>10,073</b>	<b>1,418,860</b>	<b>142,151</b>	<b>8,678,028</b>
		<b>21,724,556</b>	<b>1,419,119,710</b>	<b>14,551,226</b>	<b>888,299,609</b>
<b>Schedule 14 - Financial Charges</b>					
Bank Interest - JPMorgan		1,857	121,306	66,069	4,033,395
Bank Charges		1,863	121,685	1,953	119,204
		<b>3,720</b>	<b>242,991</b>	<b>68,022</b>	<b>4,152,599</b>

# **RICO AUTO INDUSTRIES (UK) LIMITED**

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## **Board of Directors**

Shri Arvind Kapur  
Shri Om Prakash Aggarwal  
Shri Naresh Kumar Sethi

## **Auditors**

Sigma  
Chartered Certified Accountants and Registered Auditors  
Crawley, UK

## **Registered Office**

Unit 1, Lewis House,  
99 Victoria Road,  
London - NW106DJ

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2016  
FOR  
RICO AUTO INDUSTRIES (UK) LIMITED**

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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	<b>Page</b>
<b>Company Information</b>	1
<b>Strategic Report</b>	2
<b>Report of the Directors</b>	3
<b>Report of the Independent Auditors</b>	5
<b>Income Statement</b>	7
<b>Other Comprehensive Income</b>	8
<b>Balance Sheet</b>	9
<b>Statement of Changes in Equity</b>	10
<b>Cash Flow Statement</b>	11
<b>Notes to the Cash Flow Statement</b>	12
<b>Notes to the Financial Statements</b>	13
<b>Reconciliation of Equity</b>	18
<b>Reconciliation of Profit</b>	20
<b>Trading and Profit and Loss Account</b>	21

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**RICO AUTO INDUSTRIES (UK) LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2016**

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**DIRECTORS:** Arvind Kapur  
OM Prakash Aggarwal  
Shri Naresh Kumar Sethi

**REGISTERED OFFICE:** Unit 1, Lewis House  
99 Victoria Road  
London  
NW10 6DJ

**REGISTERED NUMBER:** 04975219 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:** Muhammad Imran Ashraf

**AUDITORS:** Sigma  
Chartered Certified Accountants and  
Registered Auditors  
Kelvin House  
Kelvin Way  
Crawley  
RH10 9WE

**BANKERS:** Barclays Bank Plc  
London Corporate Banking  
99, Hatton Garden  
London  
EC1N 8DN,  
United Kingdom



**RICO AUTO INDUSTRIES (UK) LIMITED**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2016**

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The directors present their strategic report for the year ended 31 March 2016.

**PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the company in the year under review was that of sale and distribution of auto components manufactured by its parent company, Rico Auto Industries Limited, and to provide support services including customer management and logistic services.

The company's financial and other performance indicators during the year were turnover, operating profit and shareholders' funds.

Turnover has increased by 18% from Rs. 344.32m to Rs. 406.44m. Operating profit has increased by 17% from Rs. 3.08m to Rs. 3.61m. Shareholders' funds have increased by 10% from Rs. 52.33m to Rs. 57.40m.

The directors intend to promote the principal activities and continue to seek growth through enhanced procedures and improved products.

**PRINCIPAL RISKS AND UNCERTAINTIES**

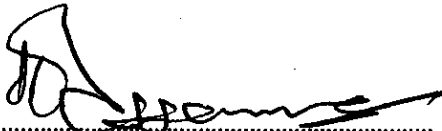

From time to time, the risks faced by the company are considered. The principal risks and uncertainties faced by the company is that relating to foreign currency exposure.

**CURRENCY RISK**

Almost all of the products sold are purchased in a foreign currency. As such the profitability of the company can be affected by movements in exchange rates, however majority of sales are also made in same foreign currency as that of purchase.

The company manages liquidity and credit risk by focussing on cash generation of its operations and applying cash collection targets.

**ON BEHALF OF THE BOARD:**

  
.....  
OM Prakash Aggarwal - Director  


Date: 17 May 2016

**RICO AUTO INDUSTRIES (UK) LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2016**

---

The directors present their report with the financial statements of the company for the year ended 31 March 2016.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2016.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2015 to the date of this report.

Arvind Kapur  
OM Prakash Aggarwal  
Shri Naresh Kumar Sethi

**CURRENCY**

The transactions are carried out in Pound Sterling, Euro and US Dollar (USD) but accounts are presented in Indian Rupees due to the fact that the group accounts are prepared in Indian currency.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**RICO AUTO INDUSTRIES (UK) LIMITED**

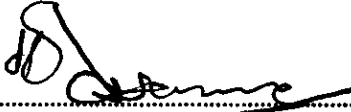
**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2016**

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**AUDITORS**

The auditors, Sigma, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



.....  
OM Prakash Aggarwal Director

Date: 17 May 2016

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
RICO AUTO INDUSTRIES (UK) LIMITED**

---

We have audited the financial statements of Rico Auto Industries (UK) Limited for the year ended 31 March 2016 on pages seven to twenty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
RICO AUTO INDUSTRIES (UK) LIMITED**

---

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Muhammad Imran Ashraf (Senior Statutory Auditor)  
for and on behalf of Sigma  
Chartered Certified Accountants and  
Registered Auditors  
Kelvin House  
Kelvin Way  
Crawley  
RH10 9WE

Date: 19 May 2016

**RICO AUTO INDUSTRIES (UK) LIMITED**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

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	Notes	2016 Rs.	2015 Rs.
<b>TURNOVER</b>	2	<b>406,435,091</b>	<b>344,323,303</b>
Cost of sales		<u>(384,599,886)</u>	<u>(322,692,247)</u>
<b>GROSS PROFIT</b>		<b>21,835,205</b>	<b>21,631,056</b>
Administrative expenses		<u>(20,960,311)</u>	<u>(18,213,666)</u>
		<b>874,894</b>	<b>3,417,390</b>
Other operating income		<u>2,731,047</u>	<u>-</u>
<b>OPERATING PROFIT</b>	4	<b>3,605,941</b>	<b>3,417,390</b>
Interest payable and similar charges	5	<u>-</u>	<u>(341,180)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>3,605,941</b>	<b>3,076,210</b>
Tax on profit on ordinary activities	6	<u>(677,101)</u>	<u>(616,410)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>2,928,840</u></b>	<b><u>2,459,800</u></b>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2016**

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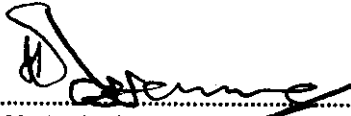
Notes	2016 Rs.	2015 Rs.
<b>PROFIT FOR THE YEAR</b>	<b>2,928,840</b>	<b>2,459,800</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange equalisation reserve	2,148,622	(3,981,742)
Income tax relating to	<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<b><u>2,148,622</u></b>	<b><u>(3,981,742)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>5,077,462</u></b>	<b><u>(1,521,942)</u></b>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 MARCH 2016**

	Notes	2016 Rs.	2015 Rs.
<b>FIXED ASSETS</b>			
Tangible assets	7	39,418	6,673
<b>CURRENT ASSETS</b>			
Stocks	8	90,906,452	48,321,095
Debtors	9	68,146,725	40,525,782
Cash in hand		<u>4,319,597</u>	<u>2,912,302</u>
		163,372,774	91,759,179
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(106,007,590)</u>	<u>(39,438,712)</u>
<b>NET CURRENT ASSETS</b>		<u>57,365,184</u>	<u>52,320,467</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>57,404,602</u>	<u>52,327,140</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,628,400	1,628,400
Exchange equalisation reserve	13	9,086,555	6,937,933
Retained earnings	13	<u>46,689,647</u>	<u>43,760,807</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>57,404,602</u>	<u>52,327,140</u>

The financial statements were approved by the Board of Directors on 17 May 2016 and were signed on its behalf by:

  
 .....  
 OM Prakash Aggarwal - Director

The notes form part of these financial statements



**RICO AUTO INDUSTRIES (UK) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

---

	<b>Called up share capital Rs.</b>	<b>Retained earnings Rs.</b>	<b>Exchange equalisation reserve Rs.</b>	<b>Total equity Rs.</b>
<b>Balance at 1 April 2014</b>	1,628,400	41,301,007	10,919,675	53,849,082
<b>Changes in equity</b>				
Total comprehensive income	-	2,459,800	(3,981,742)	(1,521,942)
<b>Balance at 31 March 2015</b>	<u>1,628,400</u>	<u>43,760,807</u>	<u>6,937,933</u>	<u>52,327,140</u>
<b>Changes in equity</b>				
Total comprehensive income	-	2,928,840	2,148,622	5,077,462
<b>Balance at 31 March 2016</b>	<u>1,628,400</u>	<u>46,689,647</u>	<u>9,086,555</u>	<u>57,404,602</u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	2016 Rs.	2015 Rs.
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(64,537,481)	47,756,601
Interest paid		-	(341,180)
Tax paid		<u>(616,410)</u>	<u>(926,248)</u>
Net cash from operating activities		<u>(65,153,891)</u>	<u>46,489,173</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		<u>(45,410)</u>	<u>-</u>
Net cash from investing activities		<u>(45,410)</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Amounts repaid to group undertakings		<u>64,463,816</u>	<u>(48,003,932)</u>
Net cash from financing activities		<u>64,463,816</u>	<u>(48,003,932)</u>
<b>Decrease in cash and cash equivalents</b>		<b>(735,485)</b>	<b>(1,514,759)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>2,912,302</b>	<b>8,402,796</b>
Effect of foreign exchange rate changes	2	<u>2,142,780</u>	<u>(3,975,735)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><b>4,319,597</b></u>	<u><b>2,912,302</b></u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	<b>2016</b>	<b>2015</b>
	<b>Rs.</b>	<b>Rs.</b>
Profit before taxation	3,605,941	3,076,210
Depreciation charges	18,507	5,820
Finance costs	-	341,180
	<u>3,624,448</u>	<u>3,423,210</u>
(Increase)/decrease in stocks	(42,585,357)	34,665,301
(Increase)/decrease in trade and other debtors	(27,620,943)	10,038,165
Increase/(decrease) in trade and other creditors	<u>2,044,371</u>	<u>(370,075)</u>
<b>Cash generated from operations</b>	<b><u>(64,537,481)</u></b>	<b><u>47,756,601</u></b>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 March 2016**

	<b>31/3/16</b>	<b>1/4/15</b>
	<b>Rs.</b>	<b>Rs.</b>
Cash and cash equivalents	<u>4,319,597</u>	<u>2,912,302</u>

**Year ended 31 March 2015**

	<b>31/3/15</b>	<b>1/4/14</b>
	<b>Rs.</b>	<b>Rs.</b>
Cash and cash equivalents	<u>2,912,302</u>	<u>8,402,796</u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

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**1. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 but may be applied early to periods ending on or after 31 December 2013. The financial statements of Rico Auto Industries (UK) Limited have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 March 2016.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given on page 18 to page 20.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into Indian Rupees at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Indian Rupees at the rate of exchange prevalent at the end of the day of the period under reporting. Exchange differences in translation at year end results in Sterling to Rupees are shown under movement in reserves as Exchange equalisation reserves.

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2016 Rs.	2015 Rs.
United Kingdom	34,021,432	113,727,745
Europe	<u>372,413,659</u>	<u>230,595,558</u>
	<u>406,435,091</u>	<u>344,323,303</u>

**RICO AUTO INDUSTRIES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

**3. STAFF COSTS**

	2016	2015
	Rs.	Rs.
Wages and salaries	6,854,273	10,642,620
Social security costs	<u>528,607</u>	<u>922,313</u>
	<u>7,382,880</u>	<u>11,564,933</u>

The average monthly number of employees during the year was as follows:

	2016	2015
General Administration	<u>2</u>	<u>2</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging:

	2016	2015
	Rs.	Rs.
Depreciation - owned assets	17,945	5,820
Auditors' remuneration	625,100	418,324
Foreign exchange differences	<u>1,402,699</u>	<u>1,028,063</u>
Directors' remuneration	<u>-</u>	<u>-</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2016	2015
	Rs.	Rs.
Bank interest	<u>-</u>	<u>341,180</u>

**6. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2016	2015
	Rs.	Rs.
Current tax:		
UK corporation tax	<u>677,101</u>	<u>616,410</u>
Tax on profit on ordinary activities	<u>677,101</u>	<u>616,410</u>

**RICO AUTO INDUSTRIES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

**6. TAXATION - continued**

**Tax effects relating to effects of other comprehensive income**

	Gross Rs.	2016 Tax Rs.	Net Rs.
Exchange equalisation reserve	<u>2,148,622</u>	<u>-</u>	<u>2,148,622</u>
	<u>2,148,622</u>	<u>-</u>	<u>2,148,622</u>
	Gross Rs.	2015 Tax Rs.	Net Rs.
Exchange equalisation reserve	<u>(3,981,742)</u>	<u>-</u>	<u>(3,981,742)</u>
	<u>(3,981,742)</u>	<u>-</u>	<u>(3,981,742)</u>

**7. TANGIBLE FIXED ASSETS**

	Fixtures and fittings Rs.	Computer equipment Rs.	Totals Rs.
<b>COST</b>			
At 1 April 2015	87,048	240,103	327,151
Additions	-	45,410	45,410
Exchange differences	<u>24,423</u>	<u>67,389</u>	<u>91,812</u>
At 31 March 2016	<u>111,471</u>	<u>352,902</u>	<u>464,373</u>
<b>DEPRECIATION</b>			
At 1 April 2015	80,375	240,103	320,478
Charge for year	2,951	14,994	17,945
Exchange differences	<u>19,214</u>	<u>67,318</u>	<u>86,532</u>
At 31 March 2016	<u>102,540</u>	<u>322,415</u>	<u>424,955</u>
<b>NET BOOK VALUE</b>			
At 31 March 2016	<u>8,931</u>	<u>30,487</u>	<u>39,418</u>
At 31 March 2015	<u>6,673</u>	<u>-</u>	<u>6,673</u>

**8. STOCKS**

	2016 Rs.	2015 Rs.
Components-Imported	37,425,200	19,068,644
Goods in transit	<u>53,481,252</u>	<u>29,252,451</u>
	<u>90,906,452</u>	<u>48,321,095</u>

**RICO AUTO INDUSTRIES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

**9. DEBTORS**

	2016 Rs.	2015 Rs.
Amounts falling due within one year:		
Trade debtors	67,702,743	35,124,907
VAT	-	4,961,367
Prepayments	<u>240,993</u>	<u>245,597</u>
	<u>67,943,736</u>	<u>40,331,871</u>
Amounts falling due after more than one year:		
Other debtors	<u>202,989</u>	<u>193,911</u>
Aggregate amounts	<u>68,146,725</u>	<u>40,525,782</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2016 Rs.	2015 Rs.
Trade creditors	4,958,606	3,706,578
Amounts owed to group undertakings	98,040,727	33,576,911
Corporation Tax	677,101	616,410
Social security and other taxes	354,345	316,549
VAT	126,991	-
Other creditors	-	666,709
Accrued expenses	<u>1,849,820</u>	<u>555,555</u>
	<u>106,007,590</u>	<u>39,438,712</u>

**11. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016 Rs.	2015 Rs.
Within one year	-	814,459
Between one and five years	<u>852,587</u>	-
	<u>852,587</u>	<u>814,459</u>

**12. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2016	2015
Number:	Class:	Nominal value:	Rs.	Rs.
20,000	Ordinary shares	1628400	<u>1,628,400</u>	<u>1,628,400</u>

**RICO AUTO INDUSTRIES (UK) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2016**

**13. RESERVES**

	<b>Retained earnings Rs.</b>	<b>Exchange equalisation reserve Rs.</b>	<b>Totals Rs.</b>
At 1 April 2015	43,760,807	6,937,933	50,698,740
Profit for the year	2,928,840		2,928,840
Share Capital	-	416,346	416,346
Retained earnings	<u>-</u>	<u>1,732,276</u>	<u>1,732,276</u>
At 31 March 2016	<u>46,689,647</u>	<u>9,086,555</u>	<u>55,776,202</u>

**14. RELATED PARTY DISCLOSURES**

**Rico Auto Industries Limited**  
Parent company

During the year the company made purchases of Indian Rs. 432,552,899 (2015: Indian Rs. 299,906,157) from Rico Auto Industries Limited. All transactions were at arms length.

	<b>2016 Rs.</b>	<b>2015 Rs.</b>
Amount due to related party at the balance sheet date	<u>(98,040,727)</u>	<u>(33,576,911)</u>

**15. ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is Rico Auto Industries Limited, incorporated in India.



**RICO AUTO INDUSTRIES (UK) LIMITED**

**RECONCILIATION OF EQUITY  
1 APRIL 2014  
(DATE OF TRANSITION TO FRS 102)**

	Notes	UK GAAP Rs.	Effect of transition to FRS 102 Rs.	FRS 102 Rs.
<b>FIXED ASSETS</b>				
Tangible assets	7	<u>18,501</u>	-	<u>18,501</u>
<b>CURRENT ASSETS</b>				
Stocks	8	82,986,396	-	82,986,396
Debtors	9	50,111,810	-	50,111,810
Prepayments and accrued income	9	452,138	-	452,138
Cash in hand		<u>8,402,796</u>	-	<u>8,402,796</u>
		<u>141,953,140</u>	-	<u>141,953,140</u>
<b>CREDITORS</b>				
Amounts falling due within one year	10	<u>(86,249,247)</u>	-	<u>(86,249,247)</u>
<b>NET CURRENT ASSETS</b>		<u>55,703,893</u>	-	<u>55,703,893</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		55,722,394	-	55,722,394
<b>ACCRUALS AND DEFERRED INCOME</b> <sup>10</sup>		<u>(1,873,312)</u>	-	<u>(1,873,312)</u>
<b>NET ASSETS</b>		<u>53,849,082</u>	-	<u>53,849,082</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12	1,628,400	-	1,628,400
Exchange equalisation reserve	13	10,919,675	-	10,919,675
Retained earnings	13	<u>41,301,007</u>	-	<u>41,301,007</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>53,849,082</u>	-	<u>53,849,082</u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**RECONCILIATION OF EQUITY - continued**  
**31 MARCH 2015**

	Notes	UK GAAP Rs.	Effect of transition to FRS 102 Rs.	FRS 102 Rs.
<b>FIXED ASSETS</b>				
Tangible assets	7	<u>6,673</u>	-	<u>6,673</u>
<b>CURRENT ASSETS</b>				
Stocks	8	48,321,095	-	48,321,095
Debtors	9	40,525,782	-	40,525,782
Cash in hand		<u>2,912,302</u>	-	<u>2,912,302</u>
		<u>91,759,179</u>	-	<u>91,759,179</u>
<b>CREDITORS</b>				
Amounts falling due within one year	10	<u>(39,438,712)</u>	-	<u>(39,438,712)</u>
<b>NET CURRENT ASSETS</b>				
		<u>52,320,467</u>	-	<u>52,320,467</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				
		<u>52,327,140</u>	-	<u>52,327,140</u>
<b>NET ASSETS</b>				
		<u>52,327,140</u>	-	<u>52,327,140</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12	1,628,400	-	1,628,400
Exchange equalisation reserve	13	6,937,933	-	6,937,933
Retained earnings	13	<u>43,760,807</u>	-	<u>43,760,807</u>
<b>SHAREHOLDERS' FUNDS</b>				
		<u>52,327,140</u>	-	<u>52,327,140</u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**

**RECONCILIATION OF PROFIT  
FOR THE YEAR ENDED 31 MARCH 2015**

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	<b>UK GAAP Rs.</b>	<b>Effect of transition to FRS 102 Rs.</b>	<b>FRS 102 Rs.</b>
<b>TURNOVER</b>	344,323,303	-	344,323,303
Cost of sales	<u>(322,692,247)</u>	<u>-</u>	<u>(322,692,247)</u>
<b>GROSS PROFIT</b>	21,631,056	-	21,631,056
Administrative expenses	<u>(18,213,666)</u>	<u>-</u>	<u>(18,213,666)</u>
<b>OPERATING PROFIT</b>	3,417,390	-	3,417,390
Interest payable and similar charges	<u>(341,180)</u>	<u>-</u>	<u>(341,180)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3,076,210	-	3,076,210
Tax on profit on ordinary activities	<u>(616,410)</u>	<u>-</u>	<u>(616,410)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	<u>2,459,800</u>	<u>-</u>	<u>2,459,800</u>

The notes form part of these financial statements

**RICO AUTO INDUSTRIES (UK) LIMITED**  
**TRADING AND PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2016**

	2016		2015	
	Rs.	Rs.	Rs.	Rs.
<b>Sales</b>		<b>406,435,091</b>		<b>344,323,303</b>
<b>Cost of sales</b>				
Purchases	371,039,403		310,793,001	
Warehousing expenses	<u>13,560,483</u>		<u>11,899,246</u>	
		<u>384,599,886</u>		<u>322,692,247</u>
<b>GROSS PROFIT</b>		<b>21,835,205</b>		<b>21,631,056</b>
<b>Other income</b>				
Sundry receipts		<u>2,731,047</u>		<u>-</u>
		<b>24,566,252</b>		<b>21,631,056</b>
<b>Expenditure</b>				
Wages and salaries	6,854,273		10,642,620	
Social security	528,607		922,313	
Telephone expenses	208,515		262,494	
Printing and stationery	100,833		77,059	
Advertisement expenses	5,715,869		2,597,898	
Travelling expenses	161,812		85,995	
Insurance	352,070		225,342	
Rent and rates	3,999,035		1,036,475	
Sundry expenses	29,458		69,622	
Legal and professional fees	518,840		462,946	
Auditors' remuneration	625,100		418,324	
Foreign exchange loss	<u>1,402,699</u>		<u>1,028,063</u>	
		<u>20,497,111</u>		<u>17,829,151</u>
		<b>4,069,141</b>		<b>3,801,905</b>
<b>Finance costs</b>				
Bank charges	444,693		378,695	
Bank interest	<u>-</u>		<u>341,180</u>	
		<u>444,693</u>		<u>719,875</u>
		<b>3,624,448</b>		<b>3,082,030</b>
<b>Depreciation</b>				
Fixtures and fittings	3,052		5,820	
Computer equipment	<u>15,455</u>		<u>-</u>	
		<u>18,507</u>		<u>5,820</u>
<b>NET PROFIT</b>		<u><b>3,605,941</b></u>		<u><b>3,076,210</b></u>

This page does not form part of the statutory financial statements

# **RASA AUTOCOM LIMITED**

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## **Board of Directors**

Shri Om Prakash Aggarwal - Chairman  
Shri Arun Gupta  
Ms. Sandeep Kaur Riat  
Shri Sandeep Rajpal  
Shri Rajender Dharna

## **Auditors**

Walker Chandiok & Co LLP  
(Formerly Walker, Chandiok & Co),  
Chartered Accountants  
Firm Registration No.001076N/N500013  
New Delhi (India)

## **Bankers**

Yes Bank Ltd.

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurgaon - 122 001  
Haryana (India)

## **Bawal Plant**

Plot No. 21, Sector-5  
HSIIDC Phase-II,  
G.C. Bawal - 123 504  
Haryana (India)

# Walker Chandiook & Co LLP

**Walker Chandiook & Co LLP**  
(Formerly Walker, Chandiook & Co)  
21st Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
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India

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## Independent Auditor's Report

### To the Members of Rasa Autocom Limited

#### Report on the Financial Statements

1. We have audited the accompanying financial statements of Rasa Autocom Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.,

#### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in annexure A, as required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 18, 2016 as per annexure B expressed unmodified opinion.



# Walker Chandiook & Co LLP

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigations which would impact its financial position
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

*Walker Chandiook & Co LLP*

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Ashish Gupta*

per **Ashish Gupta**

Partner

Membership No.: 504662



**Place :** Gurgaon

**Date:** May 18, 2016



# Walker Chandniok & Co LLP

## Annexure A to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2016

### Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
  - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.



# Walker Chandiook & Co LLP

## Annexure A to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2016

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank. The Company did not have any dues payable to financial institution, government or outstanding debenture-holders during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) Based on the management representation, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

*Walker Chandiook & Co*

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No. 001076N/N500013

*Ashish Gupta*

per **Ashish Gupta**

Partner

Membership No.: 504662



Place: Gurgaon

Date: May 18, 2016

# Walker Chandniok & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2016

## Annexure B

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Rasa Autocom Limited ("the Company") as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

#### Management's Responsibility for Internal Financial Controls

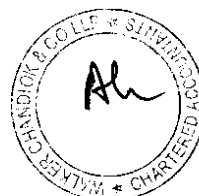
2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

#### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



# Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of Rasa Autocom Limited, on the financial statements for the year ended March 31, 2016

## Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on on internal control over financial reporting criteria established by the Company considering the essential components of internal control in the Guidance Note issued by ICAI.

*Walker Chandiook & Co LLP*

For Walker Chandiook & Co LLP

Chartered Accountants

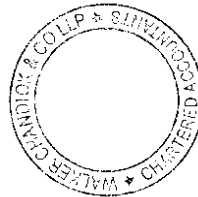
Firm's Registration No.: 001076N/N500013

*Ashish Gupta*

per Ashish Gupta

Partner

Membership No.: 504662



Place: Gurgaon

Date: May 18, 2016

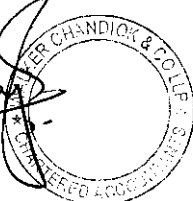
**Rasa Autocom Limited**  
**Balance Sheet as at March 31, 2016**

	Note	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>Equity and liabilities</b>			
<b>Shareholders' fund</b>			
Share capital	3	410,000,000	250,000,000
Reserves and surplus	4	(252,331,563)	(265,463,557)
		<u>157,668,437</u>	<u>(15,463,557)</u>
<b>Non current liabilities</b>			
Long term borrowings	5	171,284,386	173,795,758
Other long-term liabilities	6	66,700	-
Long term provisions	7	1,432,357	1,228,763
		<u>172,783,443</u>	<u>175,024,521</u>
<b>Current liabilities</b>			
Short term borrowings	8	7,388,359	182,285,555
Trade payables :-	9		
Payable to micro enterprises and small enterprises		2,522,786	1,896,723
Other payable		22,955,211	61,519,397
Other current liabilities	10	9,735,513	9,462,910
Short term provisions	11	2,776,854	933,041
		<u>45,378,723</u>	<u>256,097,626</u>
<b>Total</b>		<u><u>375,830,603</u></u>	<u><u>415,658,590</u></u>
<b>Assets</b>			
<b>Non current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	337,028,043	328,200,011
Capital work in progress		1,482,465	22,706,305
Long term loans and advances	13	3,942,122	1,495,190
		<u>342,452,630</u>	<u>352,401,506</u>
<b>Current assets</b>			
Inventories	14	11,455,349	15,325,397
Trade receivables	15	9,405,747	19,866,206
Cash and bank balances	16	6,152,607	843,886
Short term loans and advances	17	6,249,022	27,221,595
Other current assets	18	115,248	-
		<u>33,377,973</u>	<u>63,257,084</u>
<b>Total</b>		<u><u>375,830,603</u></u>	<u><u>415,658,590</u></u>

The accompanying notes (1 to 35) are an integral part of these financial statements.  
This is the Balance Sheet referred to in our report of even date.

*Walker Chandniok & Co LLP*  
For Walker Chandniok & Co LLP  
Chartered Accountants

*Ashish Gupta*  
per **Ashish Gupta**  
Partner



For and on behalf of the Board of Directors

*O. P. Aggarwal*  
O. P. Aggarwal  
Director  
(DIN: 01537211)

*Sandeep Rajpal*  
Sandeep Rajpal  
Director  
(DIN: 07230059)

Place: Gurgaon

Date: May 18, 2016

**Rasa Autocom Limited**  
**Statement of Profit and Loss for the year ended March 31, 2016**

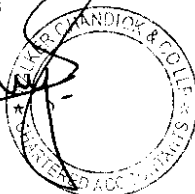
			Year ended March 31, 2016		Year ended March 31, 2015
<b>(Amount in ₹)</b>					
	Note				
<b>Revenue</b>					
Revenue from operations	19		451,463,105		77,598,182
Less: Excise duty			51,427,433		1,304,297
Revenue from operations			<b>400,035,672</b>		<b>76,293,885</b>
Other income	20		4,459,021		72,635,746
<b>Total revenue</b>			<b>404,494,693</b>		<b>148,929,631</b>
<b>Expenses</b>					
Cost of material and components consumed	21		229,441,409		55,813,922
Change in inventories of finished goods	22		2,321,708		(3,641,449)
Employee benefits expense	23		17,773,723		16,325,387
Depreciation and amortisation	12		32,919,069		27,751,058
Finance costs	24		918,747		23,026,162
Other expenses	25		108,247,992		49,080,105
<b>Total expenses</b>			<b>391,622,649</b>		<b>168,355,184</b>
<b>Profit/(Loss) before tax</b>			<b>12,872,044</b>		<b>(19,425,554)</b>
Current tax			2,624,462		-
MAT credit entitlement			(2,624,462)		-
Deferred tax			-		-
Current tax - earlier years			(259,950)		-
<b>Total tax expense</b>			<b>(259,950)</b>		<b>-</b>
<b>Profit/(Loss) for the year</b>			<b>13,131,994</b>		<b>(19,425,554)</b>
<b>Earning/(Loss) per equity share</b>					
Basic and diluted earning per equity share					
[nominal value of share March 31, 2016 : ₹ 10/- (March 31, 2015 : ₹ 10/-)]	26		0.52		(0.97)

The accompanying notes (1 to 35) are an integral part of these financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

*Walker Chandiook & Co*  
**Walker Chandiook & Co LLP**  
Chartered Accountants

**For and on behalf of the Board of Directors**

*Ashish Gupta*  
per **Ashish Gupta**  
Partner



*O. P. Aggarwal*  
**O. P. Aggarwal**  
**Director**  
(DIN: 01537211)

*Sandeep Rajpal*  
**Sandeep Rajpal**  
**Director**  
(DIN: 07230059)

**Place:** Gurgaon  
**Date:** May 18, 2016

**Rasa Autocom Limited**  
Cash flow statement for the year ended March 31, 2016

	For the year ended March 31, 2016	(Amount in ₹) For the year ended March 31, 2015
<b>A. Cash flow from operating activities</b>		
Net profit/(loss) before tax	12,872,044	(19,425,554)
Adjustments for:		
Depreciation and amortisation	32,919,069	27,751,058
Interest expense	918,747	23,026,162
Interest income	(385,239)	(51,330,709)
Profit on sale of fixed assets	(402)	(20,575,736)
<b>Operating profit/(loss) before working capital changes</b>	<b>46,324,219</b>	<b>(40,554,779)</b>
<b>Adjustments for:</b>		
Decrease in trade receivables and other receivables	28,765,320	(24,863,601)
Decrease in inventory	3,870,048	(7,353,873)
Decrease in trade payable, other current liabilities and provisions	(35,551,413)	93,394,664
	<b>43,408,173</b>	<b>20,622,411</b>
Less: Direct taxes paid (net of refunds)	(480,730)	(56,391)
<b>Net cash generated from/(used in) operating activities (a)</b>	<b>43,888,903</b>	<b>20,678,803</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets	(21,700,159)	(3,421,086)
Proceeds from sale of fixed assets	1,177,300	57,999,856
Interest received	269,991	250,563
Movement in fixed deposits	(5,270,455)	2,701,940
<b>Net cash generated from/(used in) investing activities (b)</b>	<b>(25,523,323)</b>	<b>57,531,273</b>
<b>C. Cash flow from financing activities</b>		
Interest paid	(918,747)	(24,959,904)
Repayments of short term borrowings	(89,255,002)	-
Repayments of long term borrowings	(88,153,565)	(103,255,288)
Issue of shares	160,000,000	50,000,000
<b>Net cash generated from/(used in) financing activities (c)</b>	<b>(18,327,314)</b>	<b>(78,215,192)</b>
<b>Net increase/(decrease) in cash and cash equivalents (a+b+c)</b>	38,266	(5,116)
<b>Cash and cash equivalents at the beginning of the year</b>	1,086	6,202
<b>Cash and cash equivalents at the close of the year</b>	<b>39,352</b>	<b>1,086</b>
<b>D. Cash and bank balances as per balance sheet (refer note 16)</b>		
Less: Bank deposits with maturity of more than 3 month but less than 12 months	6,152,607	843,886
	<b>39,352</b>	<b>1,086</b>

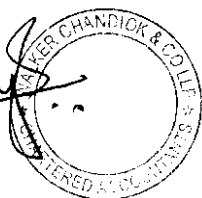
Note

1 This is the Cash Flow Statement referred to in our report of even date.

*Walker Chandniok & Co*  
For Walker Chandniok & Co LLP

Chartered Accountants

*Ashish Gupta*  
per Ashish Gupta  
Partner



Place: Gurgaon  
Date: May 18, 2016

For and on behalf of the Board of Directors

*O. P. Aggarwal*  
O. P. Aggarwal  
(Director)  
(DIN: 01537211)

*Sandeep Rajpal*  
Sandeep Rajpal  
Director  
(DIN: 07230059)

**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>3 Share capital</b>		
<b>Authorised</b>		
46,000,000 (previous year 46,000,000) equity shares of ₹ 10 each	460,000,000	460,000,000
	<b>460,000,000</b>	<b>460,000,000</b>
<b>Issued, subscribed and fully paid up</b>		
41,000,000 (previous year 25,000,000) equity shares of ₹ 10 each	410,000,000	250,000,000
	<b>410,000,000</b>	<b>250,000,000</b>

**(a) Reconciliation of share outstanding at the beginning and at the end of the reporting year**

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	(Amount in ₹)	Number	(Amount in ₹)
Shares outstanding at the beginning of the year	25,000,000	250,000,000	20,000,000	200,000,000
Shares issued during the year	16,000,000	160,000,000	5,000,000	50,000,000
<b>Shares outstanding at the end of the year</b>	<b>41,000,000</b>	<b>410,000,000</b>	<b>25,000,000</b>	<b>250,000,000</b>

**(b) Details of shares held by holding company**

Name of shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Rico Investments Limited	41,000,000	100%	25,000,000	100%

**(c) Terms and rights attached to shares**

**Equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per equity share held. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(d) List of shareholders holding more than 5 % of the equity shares of the Company at the beginning and at the end of the reporting period\***

Name of the shareholders	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% of Shares	No. of Shares	% of Shares
Rico Investments Limited	41,000,000	100%	25,000,000	100%

\* One share held by a nominee

**(e) The Company has not issued bonus shares, equity shares issued for considerations other than cash and also no share has been bought back during the period of five years immediately preceding the reporting period.**

The above information is furnished as per the shareholder register as of March 31, 2016 and March 31, 2015 as the case may be.



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## **Rasa Autocom Limited**

### **Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

#### **1. CORPORATE INFORMATION**

Rasa Autocom Limited ('the Company') was incorporated in India on September 5, 2007 as an unlisted public company under Companies Act 1956, having registered office at 38. K.M. Stone, Delhi-Jaipur Highway, Village Khandsa, Gurgaon, Haryana-122001. Company is a dynamic engineering company, in the business of manufacturing, assembling, buying, selling, exporting, importing and dealing in wholesale and in retail of Automobile parts, two wheeler parts, passenger car parts, tractor parts, auto electronic and electrical parts and engineering items and assemblies.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **i) Basis of preparation**

The financial statements have been prepared on going concern basis under the historical cost basis, in accordance with the generally accepted accounting principles in India and in compliance with schedule III of the Companies Act 2013 and the applicable accounting standards as specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013. The accounting policies have been consistently applied by the Company.

##### **ii) Use of estimates**

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

##### **iii) Revenue recognition**

###### **a. Revenue from sale of goods**

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realization of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

###### **b. Interest income**

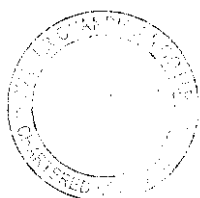
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### **iv) Fixed assets and intangibles:**

###### *Tangible assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use.

Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalised with the related fixed assets.



**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

*Intangible Assets*

Software which is not an integral part of the related hardware is classified as an intangible asset. Intangibles are stated at cost of acquisition less amortisation. Cost includes all attributable costs of bringing intangible to its working condition for its intended use.

*Capital Work in Progress*

Capital work in progress includes the cost of fixed assets that are not ready for the intended use at the balance sheet date.

**v) Depreciation and amortisation:**

Depreciation on building and plant and machinery is provided on straight line method, computed on the basis of useful life prescribed in Schedule II of the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II. However, for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years.

Depreciation on other fixed assets is provided on written down value method, computed on the basis of useful life prescribed in Schedule II of the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II.

Dies are valued at cost less amortisation based on useful life of the items ascertained on a technical estimate by the management, which is further based on unit of production method.

Intangible Assets are being amortised on straight line method over the useful life of 5-10 years, as estimated by the management to be the economic life of the assets over which economic benefits are expected to flow.

**vi) Inventories:**

Inventories are valued as follows:

*a. Raw materials and loose tools*

Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Cost includes purchase price and other direct expenses.

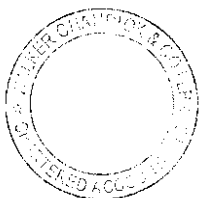
*b. Work in progress*

Work in progress is valued at cost up to stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

*c. Finished goods*

Finished goods are valued at lower of cost or net realizable value. Cost includes direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.



**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**vii) Employee benefits:**

Wages, salaries and bonuses are accrued in the year in which the associated services are rendered by employees of the Company.

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into a fund established under Employees Provident Fund and Miscellaneous Provision Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plan are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefits from this kind of plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. All actuarial gains and losses are recorded through the statement of profit and loss.

The liability for employees compensated absences is provided for in accordance with the rules of the Company and is based on actuarial valuations made using projected unit method at the balance sheet date. Actuarial gain and losses are routed through the statement of profit and loss.

**viii) Borrowings costs:**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time to be ready for the intended use are capitalised. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognised as an expense in the statement of profit and loss in the year in which they are incurred.

**ix) Foreign currency transactions:**

*a) Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*b) Subsequent recognition*

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

*c) Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on long term foreign currency monetary items.



**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.

x) **Taxation**

Tax expense comprises current tax and deferred tax.

a) *Current tax*

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b) *Deferred tax*

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, in a situation of brought forward losses and depreciation, deferred tax assets are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

xi) **Leases**

a) *Operating leases*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

xii) **Provisions and contingencies**

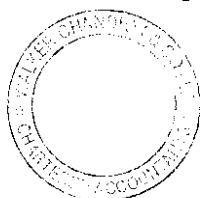
The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of economic resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

xiii) **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.



**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

xiv) **Impairment of assets**

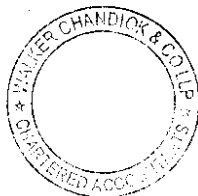
The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.



**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>4 Reserves and surplus</b>		
<b>Deficit as per statement of profit and loss</b>		
Balance at the beginning of the year	(265,463,557)	(246,038,003)
Add: Net Profit/(Loss) for the year	13,131,994	(19,425,554)
	<b>(252,331,563)</b>	<b>(265,463,557)</b>
<b>5 Long term borrowings</b>		
<b>Unsecured</b>		
Loan from ultimate holding company (refer note 30)	171,284,386	173,795,758
	<b>171,284,386</b>	<b>173,795,758</b>
<b>Terms and details of the borrowing</b>		
During the current year, terms of repayment of short term borrowings have been changed. As per the revised agreement, the term loan is extended to 10 years with a moratorium period of 4 years. Rico Auto Industries Limited shall charge interest @ 11.20% p.a. after the moratorium period of 4 years.		
<b>6 Other Long Term Liabilities</b>		
Security Deposits	66,700	-
	<b>66,700</b>	-
<b>7 Long term provisions</b>		
Provision for employee benefits		
- Gratuity (refer note 27)	967,732	821,065
- Compensated absences	464,625	407,698
	<b>1,432,357</b>	<b>1,228,763</b>
<b>8 Short term borrowings</b>		
<b>Secured - From bank</b>		
Working capital loan (refer note a below)	7,388,359	8,489,797
<b>Unsecured</b>		
Loan from Rico Auto Industries Limited- ultimate holding company*	-	173,795,758
	<b>7,388,359</b>	<b>182,285,555</b>
<b>Security Details - From Bank</b>		
(a) Working capital loan from bank carries interest @ base rate+3.5 % p.a. and is repayable on demand. This facility is secured by exclusive first pari-passu charge by hypothecation of current assets of the Company and further secured by second charge on all the movable and immovable assets of the Company.	7,388,359	8,489,797
	<b>7,388,359</b>	<b>8,489,797</b>

\* Refer note 5 above



**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>9 Trade payables</b>		
Due to micro, small and medium enterprises (refer note 31)	2,522,786	1,896,723
<b>Other Payable</b>		
Other than acceptances	22,617,712	52,222,346
Due to related parties (refer note 30)	337,499	9,297,051
	<b>22,955,211</b>	<b>61,519,397</b>
<b>10 Other current liabilities</b>		
Statutory liabilities	815,662	508,288
Payable for capital purchases	906,388	663,128
Employee benefits payable	1,677,394	1,151,972
Security deposits	368,445	368,445
Advance from customers	203,124	6,647,347
Other liabilities	5,764,500	123,730
	<b>9,735,513</b>	<b>9,462,910</b>
<b>11 Short term provisions</b>		
Provision for employee benefits		
- Gratuity (refer note 27)	545,595	475,646
- Compensated absences	65,407	457,395
Provision for income tax (net of advance tax of ₹ 458,610)	2,165,852	-
	<b>2,776,854</b>	<b>933,041</b>

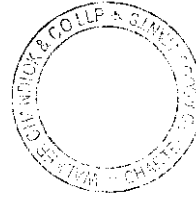


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Rasa Autocom Limited  
Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016

12 Fixed assets

Particulars	Gross block			Accumulated depreciation		Net block			
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	Depreciation and amortisation charge	Disposals	As at March 31, 2016	As on March 31, 2015
<b>Tangible assets</b>									
Land - freehold	42,483,200	-	-	42,483,200	-	-	-	42,483,200	42,483,200
Buildings	118,809,128	-	-	118,809,128	10,358,381	3,504,707	-	104,946,040	108,450,747
Plant and machinery	204,779,778	42,590,386	1,563,589	245,806,575	39,585,982	18,557,162	386,691	188,050,122	165,193,796
Dies and Moulds	19,033,903	-	-	19,033,903	8,110,134	10,457,178	-	466,591	10,923,769
Furniture & fixtures	397,765	-	-	397,765	198,382	58,069	-	141,314	199,383
Office equipment	3,149,638	-	-	3,149,638	2,423,233	208,480	-	517,925	726,405
Vehicles	526,348	333,613	-	859,961	303,637	133,473	-	422,851	222,711
	<b>389,179,760</b>	<b>42,923,999</b>	<b>1,563,589</b>	<b>430,540,170</b>	<b>60,979,749</b>	<b>32,919,069</b>	<b>386,691</b>	<b>337,028,043</b>	<b>328,200,011</b>
<b>Intangible assets</b>									
Computer softwares	22,912	-	-	22,912	22,912	-	-	-	-
	<b>22,912</b>	<b>-</b>	<b>-</b>	<b>22,912</b>	<b>22,912</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current year</b>									
<b>Total</b>	<b>389,202,672</b>	<b>42,923,999</b>	<b>1,563,589</b>	<b>430,563,082</b>	<b>61,002,661</b>	<b>32,919,069</b>	<b>386,691</b>	<b>337,028,043</b>	<b>328,200,011</b>
<b>Previous year</b>	<b>428,485,162</b>	<b>663,128</b>	<b>39,945,618</b>	<b>389,202,672</b>	<b>35,773,101</b>	<b>27,751,058</b>	<b>2,521,498</b>	<b>328,200,011</b>	<b>392,712,061</b>



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**Rasa Autocom Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>13 Long term loans and advances</b>		
(Unsecured and considered good)		
Security deposits	1,317,660	1,274,410
Advance income tax (tax deducted at source)	-	220,780
MAT credit entitlement	2,624,462	-
	<u>3,942,122</u>	<u>1,495,190</u>
<b>14 Inventories</b>		
Raw materials and consumables	4,309,151	6,184,422
Finished goods	-	7,487
Work in progress	2,264,802	4,579,023
Stores and spares	4,881,396	4,554,465
	<u>11,455,349</u>	<u>15,325,397</u>
<b>15 Trade receivables</b>		
(Unsecured and considered good)		
Outstanding for a period exceeding six months from the due date for payment	-	-
Other debts	9,405,747	19,866,206
	<u>9,405,747</u>	<u>19,866,206</u>
<b>16 Cash and bank balances</b>		
<b>Balances with Banks</b>		
In Current Accounts	21,845	-
<b>Cash and cash equivalents</b>		
Cash on hand	17,507	1,086
	<u>39,352</u>	<u>1,086</u>
<b>Other bank balances</b>		
Bank deposits with maturity of more than 3 months but less than 12 months*	6,113,255	842,800
Bank deposits with maturity of more than 12 months	-	-
	<u>6,113,255</u>	<u>842,800</u>
	<u>6,152,607</u>	<u>843,886</u>
* Pledged with bank for issuing letter of credit.		
<b>17 Short term loans and advances</b>		
(Unsecured and considered good)		
Advances recoverable in cash or in kind	92,372	166,988
Advance to supplier	1,938,131	9,608,876
Prepaid expenses	545,196	1,270,353
Balance with statutory/government authorities on account of:		
Service Tax	1,211,881	6,228,830
Excise Duty	2,052,346	9,642,181
Sales Tax	-	105,200
Others	409,096	199,167
	<u>6,249,022</u>	<u>27,221,595</u>
<b>18 Other current assets</b>		
Interest accrued but not due	115,248	-
	<u>115,248</u>	<u>-</u>



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**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	Year ended March 31, 2016	(Amount in ₹) Year ended March 31, 2015
<b>19 Revenue from operations</b>		
Sale of products (refer note A below)	423,331,988	76,772,488
Job work income	21,479,000	-
	<b>A</b> <u>444,810,988</u>	<u>76,772,488</u>
<b>Other operating revenue</b>		
Scrap sales	5,907,877	763,157
Miscellaneous income	744,240	62,537
	<b>B</b> <u>6,652,117</u>	<u>825,694</u>
	<b>A+B</b> <u>451,463,105</u>	<u>77,598,182</u>
<b>Note:</b>		
<b>A. Detail of major products sold</b>		
Auto parts - Aluminium	423,331,988	76,772,488
<b>20 Other income</b>		
Interest income	385,239	331,563
Profit on sale of fixed assets	402	20,575,736
Exchange rate fluctuation, net	-	688,889
Miscellaneous income	4,073,380	51,039,558
	<u>4,459,021</u>	<u>72,635,746</u>
<b>21 Cost of material and components consumed</b>		
Opening stock	6,184,422	3,297,742
Add: Purchases during the year	227,566,138	58,700,602
Less: Closing stock (refer note B)	4,309,151	6,184,422
Raw material and components consumed (refer note A)	<u>229,441,409</u>	<u>55,813,922</u>
<b>Note:</b>		
<b>A. Detail of major components of raw material and components</b>		
Aluminium alloy	215,672,728	53,781,886
Other materials and components	13,768,681	2,032,036
<b>B. Detail of closing stock of raw materials and components</b>		
Aluminium alloy	2,951,630	3,958,444
Other materials and components	1,357,521	2,225,978
<b>22 Change in inventories of finished goods</b>		
<b>Work in progress</b>		
Opening stock	4,579,023	-
Closing stock	2,264,802	4,579,023
	<u>2,314,221</u>	<u>(4,579,023)</u>
<b>Finished goods</b>		
Opening stock	7,487	945,061
Closing stock	-	7,487
	<u>7,487</u>	<u>937,574</u>
	<u>2,321,708</u>	<u>(3,641,449)</u>



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**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	<b>Year ended March 31, 2016</b>	<b>(Amount in ₹) Year ended March 31, 2015</b>
<b>23 Employee benefit expenses</b>		
Salaries and wages	12,788,914	13,891,416
Contribution to provident and other funds (refer note 27)	1,175,072	825,857
Staff welfare expenses	3,809,737	1,608,114
	<b>17,773,723</b>	<b>16,325,387</b>
<b>24 Finance costs</b>		
Interest on borrowings	918,747	23,026,162
	<b>918,747</b>	<b>23,026,162</b>
<b>25 Other expenses</b>		
Consumption of stores and spares	25,641,505	6,085,677
Power and fuel	52,563,281	28,554,208
Rent	156,108	127,263
Sub contractor expenses	19,176,153	6,206,956
Repairs and maintenance :		
Buildings	774,490	320,031
Machinery	2,124,296	1,256,141
Others	2,085,021	248,108
Insurance	859,151	946,782
Rates and taxes	435,699	1,656,413
Freight outwards	1,167,916	830,503
Foreign exchange fluctuation	9,375	-
Legal and professional charges (refer note 25(a))	1,045,902	803,862
Conveyance hire charges	971,923	803,574
Vehicle running and maintenance expenses	698,615	906,146
Job work expenses	174,280	-
Miscellaneous expenses	364,277	334,441
	<b>108,247,992</b>	<b>49,080,105</b>
Note 25(a): Payment to auditors comprises :		
Statutory audit*	300,000	300,000
Others*	-	100,000
Out of pocket expenses*	49,750	103,262
*exclusive of service tax		
<b>26 Earning/(Loss) per equity share</b>		
Earning/(Loss) for the year (A) (₹)	13,131,994	(19,425,554)
Number of equity shares	41,000,000	25,000,000
Weighted average number of equity shares (basic/diluted) (B)	25,043,836	20,013,699
Nominal value of equity share (₹)	10	10
Earning/Loss per equity share (Basic & Diluted) (A/B) (₹)	0.52	(0.97)



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**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**27) Employment benefits**

**a. Provident fund and other funds\*:**

	(Amount in ₹)	
	Year ended March 31, 2016	Year ended March 31, 2015
Employer's contribution to provident fund	756,367	703,787
Employer's contribution to ESI	105,116	129,906

\* included in contribution to provident and other funds (refer note 23)

The following tables set out the unfunded status of the gratuity plan amounts recognized in the Company's financial statements as at March 31, 2016:

**b. Defined benefit plan- Gratuity**

• **Movement in the liability recognised in the Balance Sheet is as under:**

	(Amount in ₹)	
	Year ended March 31, 2016	Year ended March 31, 2015
a) Present value of obligation as at beginning of the year	1,296,711	1,384,396
b) Current service cost	189,886	160,570
c) Interest cost	100,495	117,674
d) Benefits paid	(467,369)	(57,166)
e) Actuarial gain/loss on obligation	393,604	(308,763)
<b>Present value of obligation as at end of the year</b>	<b>1,513,327</b>	<b>1,296,711</b>

▪ **Amount recognised in the Balance Sheet**

	As at March 31, 2016	As at March 31, 2015
a) Present value of obligation as at the end of the period	1,513,327	1,296,711
b) Fair value of plan assets as at the end of the period	-	-
	<b>1,513,327</b>	<b>1,296,711</b>

Current portion	545,595	475,646
Non-current portion	967,732	821,065
<b>Net liability recognised in Balance Sheet</b>	<b>1,513,327</b>	<b>1,296,711</b>



**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

▪ **Amount recognised in the Statement of Profit and Loss**

	Year ended March 31, 2016	Year ended March 31, 2015
a) Current service cost	189,886	160,570
b) Interest cost	100,495	117,674
c) Net actuarial profit / (loss) recognised	393,604	(308,763)
	<b>683,985</b>	<b>(30,519)</b>

• **Assumptions used to determine the benefit obligations (gratuity and compensated absences):**

Actuarial valuation of leave encashment and gratuity has been done with the following assumptions.

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Discount rate	8.00%	7.75%
Rate of increase in compensation levels	5.50%	5.25%

• **Amounts for the current and previous years are as follows:**

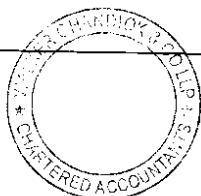
(Amount in ₹)

S. no.	Particulars	Year ended				
		March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
1	Defined benefit obligation at the end of the period	380,328	1,201,410	1,384,396	1,296,711	1,513,327
2	Plan assets at the end of the period	-	-	-	-	-
3	Funded assets	-	-	-	-	-
4	Experience loss/(gain) adjustments on plan liabilities	-	-	-	-	-
5	Experience gain adjustments on plan assets	-	-	-	-	-
6	Actuarial gain/(loss) due to change in actuarial assumptions	-	606,069	(77,983)	(308,763)	393,604

28) Composition of imported and indigenous raw material

(Amount in ₹)

	Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
		Value	Percentage to total consumption	Value	Percentage to total consumption
1.	Aluminum alloy				
	-Indigenous	215,672,728	93.99%	53,781,886	96.36%
	-Imported	-	-	-	-
2	Other materials and components				
	-Indigenous	13,768,681	6.01%	2,032,036	3.64%
	-Imported	-	-	-	-



**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**29) CIF value of imports**

	(Amount in ₹)	
	Year ended March 31, 2016	Year ended March 31, 2015
Stores and spares	397,164	293,397

**30) Related party disclosures**

a) Related party relationship

Holding company

Rico Investments Limited (immediate Holding Company)\*

Rico Auto Industries Limited (ultimate Holding Company)

\* Rico Investments Limited has subscribed to 16,000,000 equity shares of ₹ 10/- each issued by the company on rights basis during the year.

Fellow Subsidiaries

Rico Jinfei Wheels Limited

Rico Aluminium and Ferrous Autocomponents Limited (formerly known as RAA Autocom Limited)

Enterprises owned or significantly influenced by key management personnel or their relatives, with whom transactions have taken place during the year:

Rico Castings Limited

Kapbros Engineering Industries Limited

Key Management Personnel (KMP)

Arun Kapur – Director (upto December 17, 2015)

Rakesh Kapur – Director (upto December 17, 2015)

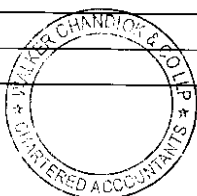
Om Prakash Aggarwal- Director

Sandeep Rajpal (from August 11, 2015)

Rajender Dharna (from August 11, 2015)

b) Transactions with and balances of related parties

		(Amount in ₹)	
	Particulars	Year ended March 31,2016	Year ended March 31,2015
A	<u>Rico Auto Industries Limited</u>		
	<i>Transactions during the year</i>		
	Goods purchased	9,500,600	-
	Goods sold	388,952,023	60,450,094
	Assets purchased	17,575,162	4,623,876
	Assets sold	-	48,111,168
	Job work income	21,049,416	-
	Job work expenses	616,091	-
	Loan taken during the year	-	218,791,308



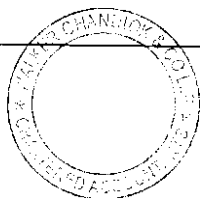
**Rasa Autocom Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	Loan repaid during the year	176,307,129	55,230,285
	Interest Waived off	-	50,971,147
	<i>Outstanding balances</i>		
	Balance payable	-	5,060,223
	Loan outstanding	171,284,386.25	347,591,515
	Guarantee given for loan of the Company	50,000,000	80,000,000
<b>B</b>	<b><u>Rico Castings Limited</u></b>		
	<i>Transactions during the year</i>		
	Goods sold	-	221,651
	<i>Outstanding balances</i>		
	Balance recoverable	-	249,451
	Balance payable	-	72,503
<b>C</b>	<b><u>Rico Jinfei Wheels Limited</u></b>		
	<i>Transactions during the year</i>		
	Goods purchased	1,844,313	578,930
	Good sold	555,067	524,771
	Asset Sold	1,380,090	-
	Job work expenses	3,134,936	889,059
	<i>Outstanding balances</i>		
	Balance payable	253,709	2,158,685
<b>D</b>	<b><u>Kapbros Engg.Ind.Limited</u></b>		
	<i>Transactions during the year</i>		
	Job work expenses	13,859,360	5,100,760
	Balance payable	83,790	5,100,760
<b>E</b>	<b><u>Rico Investment Limited</u></b>		
	<i>Transactions during the year</i>		
	Share Capital issued	160,000,000	5,000,000

**31) Dues to micro, small and medium enterprises.**

Particulars	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	2,522,786	1,896,723
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-



**Rasa Autocom Limited****Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

Particulars	As at March 31, 2016	As at March 31, 2015
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-

- 32) Accounting Standard 17 “Segment Reporting” of the Companies (Accounting standards) Rules, 2006 requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.
- 33) As per the transfer pricing norms applicable in India, the Company is required to use certain specified methods in computing arm’s length price of transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of the transactions/class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial period. However, in the opinion of the management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.
- 34) The Company has a negative working capital (current assets less current liabilities) amounting to ₹ 12,000,750 as on March 31, 2016 (previous year ₹ 192,840,543) and accumulated losses amounting ₹ 252,331,563 as on March 31, 2016 (previous year ₹ 265,463,557).

The management has implemented a new business plan to improve its operational performance significantly, which has resulted in significant increase in revenue and profit for the year. Further ultimate parent, Rico Auto Industries Limited, has provided a financial support letter to the Company. Accordingly, these financial statements are prepared on a going concern basis.





**Rasa Autocom Limited**

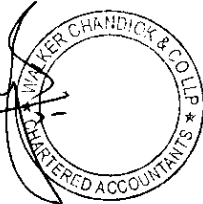
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

35) Previous year figures have been regrouped and /or rearranged where considered necessary to make them comparable with the current year figures.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

*Walker Chandiook & Co*  
For **Walker Chandiook & Co LLP**  
Chartered Accountants

*Ashish Gupta*  
per **Ashish Gupta**  
Partner



**For and on behalf of Board of Directors**

*O.P. Aggarwal*  
**O.P. Aggarwal**  
Director  
(DIN: 01537211)

*Sandeep Rajpal*  
**Sandeep Rajpal**  
Director  
(DIN: 07230059)

**Place:** Gurgaon

**Date:** May 18, 2016

# **RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**

(formerly RAA Autocom Ltd.)

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## **Board of Directors**

Shri Naresh Kumar Sethi - Chairman

Shri Satish Sekhri

Shri Arun Gupta

Ms. Sandeep Kaur Riat

Shri Sanjay Syal

Shri Manoj Kumar Jain

Shri Rajiv Kumar Miglani

## **Manager**

Shri Ranjeet Singh Yadav

## **Chief Financial Officer**

Shri Mukesh Goyal

## **Company Secretary**

Ms. Manpreet Kaur Kochhar

## **Auditors**

Budhraj Adlakha & Co.

Chartered Accountants

(Firm Registration No.005154N)

New Delhi (India)

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway

Gurgaon - 122 001

Haryana (India)

## **Gurgaon Plant**

38 KM Stone,  
Delhi-Jaipur Highway  
Gurgaon - 122 001  
Haryana (India)

## **Manesar Plant**

Plot No. 84, Sector-8  
IMT Manesar,  
Gurgaon-122050,  
Haryana (India)

## **Sanand Plant**

Plot No. D-2, TML Vendor  
Park, Survey No.-1,  
Village - Northcotepura,  
Taluka-Sanand, District -  
Ahmedabad, Gujarat(India)



**INDEPENDENT AUDITOR'S REPORT**

**TO**

**THE MEMBERS OF**  
**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
*(Formerly Known as RAA AUTOCOM LIMITED)*

**Report on the Financial Statements**

We have audited the accompanying financial statements of **RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED** ('the Company'), which comprise the Balance Sheet as at **March 31, 2016**, the Statement of Profit and Loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's Responsibility for the Financial Statements***

The Company's management is responsible for the preparation of these financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The management is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- (b) in the case of the Statement of Profit and Loss , of the profit for the year ended on that date;  
and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;



- c. The Balance Sheet, Statement of Profit and Loss, and cash flow statement dealt with by this Report are in agreement with the books of account ;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.; and
- e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations as on the date of the financial statements.
  - ii. The Company does not have any material foreseeable losses on long-term contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Budhraj Adlakha & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



CA RAHOOL ADLAKHA  
(Partner)  
Memb. No.: 083788

Place: New Delhi  
Date: May 17, 2016

**Annexure –A to the Auditor's Report**

***Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date.***

**RE: RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**

- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
- (c) As explain to us and on the basis of our examination of the records of the Company, the company does not have any immovable property. Accordingly, Paragraph 3(i)(c) order is not applicable.
- ii) (a) As explained to us, inventories (excluding stocks with third parties) have been physically verified by the management during the year. In respect of inventory lying with the third parties, these have substantially been confirmed by them. No material discrepancy was notice as on physical verification.

In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by management are reasonable and adequate in relation to the size of the Company and the nature of its business.

On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

- iii) The Company has granted loans to one company covered in the register maintained under section 189 of the Companies Act, 2013.
- a) In our opinion, the rate of interest and other terms and conditions on which the loans had been granted to the Company listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company
- b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of interest as stipulated.
- c) There are no overdue amounts in respect of the loan granted to a Company listed in the register maintained under section 189 of the Act.



- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) The company has not accepted any deposits.
- vi) We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income tax and other material statutory dues, as applicable, with appropriate authorities.
- According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, Service Tax, Cess which were outstanding, as at March 31, 2016 for a period of more than six months, from the date they became payable.
- b) According to the information and explanations given to us, there are no dues of Income tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Service Tax, and Cess which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in the repayment of dues to the financial institution as at the balance sheet date.
- ix) The company has not raised any money by way of initial public offer or further public offers (including debt instruments). As per the information and explanations given to us, the company has applied the term loans, raised for the purpose for which they were obtained.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for the managerial remuneration in accordance with the requisites approvals mandated by the provisions of section 197 read with Schedule V to the Act.

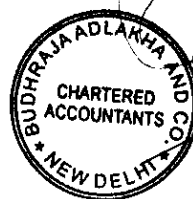


- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in notes to accounts in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For BUDHRAJA ADLAKHA & CO.

Chartered Accountants

Firm's Reg. No.: 005154N



CA RAHOOL ADLAKHA  
(Partner)

Memb. No.: 083788

Place: New Delhi

Date: May 17, 2016



## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **Rico Aluminium and Ferrous Auto Components Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

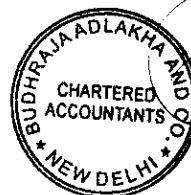
## Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BUDHRAJA ADLAKHA & CO.  
Chartered Accountants  
Firm's Reg. No.: 005154N



CA RAHOOL ADLAKHA  
(Partner)  
Memb. No.: 083788

Place: New Delhi

Date: May 17, 2016

**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY KNOWN AS RAA AUTOCOM LTD.)**  
**Balance sheet as at March 31, 2016**

	Notes	As at Mar 31,2016 (Rs.)	As at Mar 31,2015 (Rs.)
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
(a) Share Capital	3	460,500,000	460,500,000
(b) Reserves & Surplus	4	5,656,820	(2,615,389)
		<u>466,156,820</u>	<u>457,884,611</u>
<b>(2) NON-CURRENT LIABILITIES</b>			
(a) Long-Term Borrowings	5	2,897,000	44,147,000
(b) Deferred Tax Liabilities (Net)	6	4,458,177	1,187,560
(c) Other Long-Term Liabilities	7	1,400,480	2,465,230
(d) Long-Term Provisions	8	60,599,000	50,565,667
		<u>69,354,657</u>	<u>98,365,457</u>
<b>(3) CURRENT LIABILITIES</b>			
(a) Trade Payables	9	275,653,875	17,671,562
(b) Other Current Liabilities	10	90,565,757	46,813,887
(c) Short-Term Provisions	11	17,717,939	18,094,055
		<u>383,937,571</u>	<u>82,579,504</u>
<b>TOTAL</b>		<u><b>919,449,048</b></u>	<u><b>638,829,572</b></u>
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
<b>(a) Fixed assets</b>			
(i) Tangible Assets	12	275,291,512	239,662,017
(ii) Intangible Assets	12	3,977,925	4,976,517
(iii) Capital Work-in-Progress		87,744,790	2,498,615
(b) Long-term Loans & Advances	13	133,357,781	1,823,568
		<u>500,372,008</u>	<u>248,960,717</u>
<b>(2) CURRENT ASSETS</b>			
(a) Current Investments	14	35,011,164	35,001,771
(b) Inventories	15	205,709,260	208,788,112
(c) Trade Receivable	16	54,677,355	44,524,242
(d) Cash and Cash Equivalents	17	30,661	299,130
(e) Short-Term Loans & Advances	18	123,648,600	101,255,600
		<u>419,077,040</u>	<u>389,868,855</u>
<b>TOTAL</b>		<u><b>919,449,048</b></u>	<u><b>638,829,572</b></u>

Summary of significant accounting policies

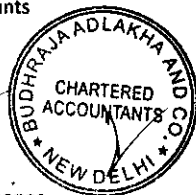
2.1

The accompanying notes 1 to 39 are an integral part of the financial statements.

As per our report of even date  
For **Budhraj Adlakha & Co.**  
Firm Registration No : 005154N  
Chartered Accountants

For and on behalf of the Board of Directors of Rico Aluminium and Ferrous Auto Components Limited

**CA Rahool Adlakha**  
Partner  
Membership No. 083788  
Gurgaon  
Date : May 17, 2016



**Mr. Sanjay Syal**  
Director  
DIN:02098613

**Mr. Naresh Kumar Sethi**  
Director  
DIN:00202498

**Mr. Mukesh Goyal**  
Chief Fin. Officer

**Ms. Manpreet Kaur Kochhar**  
Company Secretary

**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
(FORMERLY KNOWN AS RAA AUTOCOM LTD.)

Statement of profit & loss for the year ended March 31, 2016

	Notes	As at Mar 31,2016 (Rs.)	As at Mar 31,2015 (Rs.)
<b>Income</b>			
Revenue from Operations (Gross)	19	2,951,659,181	44,497,687
Less : Excise Duty		345,149,771	5,120,574
Revenue from Operations (Net)		2,606,509,410	39,377,113
Other Income	20	862,867	19,998,509
<b>Total Revenue</b>		<b>2,607,372,277</b>	<b>59,375,622</b>
<b>Expenses</b>			
Cost of Material and Components Consumed	21	854,119,602	75,302,408
Changes in inventories of Finished Goods & Work in Progress	22	(2,067,094)	(59,352,036)
Employee Benefits Expenses	23	353,394,613	4,242,724
Finance Costs	24	6,143,612	125,288
Depreciation & Amortisation	12	35,073,969	524,617
Other Expenses	25	1,326,721,782	20,213,107
<b>Total Expenses</b>		<b>2,573,386,484</b>	<b>41,056,109</b>
<b>Profit Before Exceptional Items and Tax</b>		<b>33,985,793</b>	<b>18,319,513</b>
Exceptional Items	26	16,932,967	-
<b>Profit before tax</b>		<b>17,052,826</b>	<b>18,319,513</b>
<b>Tax expenses:</b>			
Current tax	5,510,000		3,800,000
MAT Credit Entitlement	-	5,510,000	(2,680,000)
Deferred tax		3,270,617	1,187,560
<b>Profit for the year</b>		<b>8,272,209</b>	<b>16,011,953</b>
<b>Earnings per equity share [nominal value of share Rs. 10 (31st March 2015 : Rs. 10)]</b>			
Basic	27	0.18	19.86
Diluted		0.18	19.86

Summary of significant accounting policies 2.1

The accompanying notes 1 to 39 are an integral part of the financial statements.

As per our report of even date

For **Budhraj Adlakha & Co.**

Firm Registration No : 005154N

Chartered Accountants

For and on behalf of the Board of Directors of Rico Aluminium and Ferrous Auto Components Limited

**CA Rahool Adlakha**

Partner

Membership No. 083788

Gurgaon

Date : May 17, 2016



**Mr. Sanjay Syal**  
Director  
DIN:02098613

**Mr. Naresh Kumar Sethi**  
Director  
DIN:00202498

**Mr. Mukesh Goyal**  
Chief Fin. Officer

**Ms. Manpreet Kaur Kochhar**  
Company Secretary

**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY KNOWN AS RAA AUTOCOM LTD.)**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

	March 31, 2016 Rs.	March 31, 2015 Rs.
<b>A. Cash Flow From Operating Activities</b>		
Net Profit for the year	17,052,826	18,319,513
Add: Extraordinary Items	16,932,967	-
<b>Net profit before extraordinary items and taxes</b>	<b>33,985,793</b>	<b>18,319,513</b>
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expenses	35,073,969	524,617
Interest Payable Written Off	-	(18,029,616)
Loss/(Profit) on sale of assets	1,679,077	1,447,364
Interest Paid	6,143,612	125,288
Interest Received	(74,590)	-
Dividend Received	(145,938)	(1,771)
<b>Operating profit before working capital changes</b>	<b>76,661,923</b>	<b>2,385,395</b>
Adjustments for:		
Decrease/ (Increase) in Long term Advances & current Assets	(164,080,327)	(49,138,330)
Decrease/ (Increase) in Inventories	3,078,852	8,043,234
Increase/ (Decrease) in Liabilities	310,622,650	28,354,288
<b>Cash Generated From operations</b>	<b>226,283,098</b>	<b>(10,355,412)</b>
Income Tax Paid	5,806,000	-
<b>Cash Generated From operations before extraordinary Items</b>	<b>220,477,098</b>	<b>(10,355,412)</b>
Less : Extraordinary Items	(16,932,967)	-
<b>Net Cash From Operating Activities after extraordinary Items (A)</b>	<b>203,544,131</b>	<b>(10,355,412)</b>
<b>B. Cash Flow From Investing Activities</b>		
Acquisition of Undertakings	-	(444,000,000)
Purchase of Fixed Assets/addition to capital work in progress	(157,739,660)	-
Proceeds from sale of fixed assets	1,109,535	-
Assets held for Sale	-	146,000
Purchase of Investments	(9,393)	(35,001,771)
Interest Received	74,590	-
Dividend Received	145,938	1,771
<b>Net Cash used in Investing Activities (B)</b>	<b>(156,418,990)</b>	<b>(478,854,000)</b>
<b>C. Cash Flow From Financing Activities</b>		
Proceeds from Issue of share capital including warrants	-	460,000,000
Proceeds from Inter Corporate Loans	-	29,610,000
Repayment of Long Term Borrowings	(41,250,000)	-
Interest Paid	(6,143,611)	(125,288)
<b>Net Cash from Financing Activities (C)</b>	<b>(47,393,611)</b>	<b>489,484,712</b>
<b>Net decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>(268,469)</b>	<b>275,299</b>
Add: Cash and Cash Equivalents at the beginning of the year	299,130	23,831
<b>Cash and Cash Equivalents at the end of the year</b>	<b>30,661</b>	<b>299,130</b>
<b>D. Components of cash and cash equivalents</b>		
Cash on Hand	30,661	268,659
<b>With banks -</b>		
On Current Accounts	-	30,471
<b>Total cash and cash equivalents (Refer Note No.-17)</b>	<b>30,661</b>	<b>299,130</b>

**Notes :**

The cash flow statement has been prepared under indirect method set out in AS-3 notified under clause 2 of section 2 of the Companies Act

**Summary of significant accounting policies**

2.1

As per our report of even date

For **Budhraj Adlakha & Co.**

Firm Registration No : 004344

Chartered Accountants

For and on behalf of the Board of Directors of RICO Aluminium and Ferrous Auto Components Limited

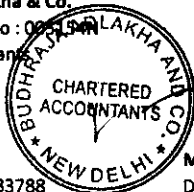
**CA Rahool Adlakha**

Partner

Membership No. 083788

Gurgaon

Date : May 17, 2016



**Mr. Sanjay Syal**

Director

DIN:02098613

**Mr. Naresh Kumar Sethi**

Director

DIN:00202498

**Mr. Mukesh Goyal**

Chief Fin. Officer

**Ms. Manpreet Kaur Kochhar**

Company Secretary

**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**Note - 1: Corporate Information**

The Company was incorporated with Registrar of Companies, NCT of Delhi & Haryana vide CIN : U34300HR2008PLC037956 dated 27<sup>TH</sup> May 2008, by the name of RAA Autocom Limited and has changed its name to Rico Aluminium and Ferrous Auto Components Limited on February 23, 2015 in the Financial Year 2014-15.

The Company has purchased a Ferrous Undertaking situated at Gurgaon and Manesar and Non-Ferrous Undertaking, situated at Sanand Gujarat from its Ultimate Holding Company Rico Auto Industries Limited, in March 2015 on a going concern basis.

**Note - 2: Basis of preparation**

The Financial Statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the company discussed more fully below.

**Note - 2.1: Summary of significant accounting policies**

**a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Revenue recognition**

*i. Revenue from sale of goods*

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realisation of the sale consideration. Sales are recorded net of sales returns, rebates,



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

trade discounts and price differences and are inclusive of excise duty but are exclusive of sale tax.

*ii. Revenue from sale of services*

Service income comprising technical and other support services fee is recognised as per the terms of the agreement.

*iii. Interest income*

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

*iv. Dividend income*

Dividend on investments is recognised when the right to receive dividend is established.

*v. Sale of Scrap*

Scrap is accounted for on sale basis.

**c. Fixed/Intangible Assets and depreciation/amortisation**

*i. Tangible assets*

Fixed assets are stated at cost net of accumulated depreciation and accumulated impairment losses if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**d. Depreciation and amortisation:**

Depreciation on Plant and machinery\* are provided under straight line method based on useful life of the Asset as estimated by the management.

Depreciation on other fixed assets (except for dies and moulds) is provided on written down value method based on useful life of the Asset as prescribed in Schedule II to the Companies Act, 2013.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

Depreciation on dies and moulds is provided based on useful life of the items ascertained on a technical estimate by the management.

*\*For the above class of assets, based on internal technical evaluation, the management believes that the useful lives assessed by management represent the best period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.*

**ii. Intangible assets**

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of intangible assets exceeds five years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets which are not yet available for use, are tested for impairment annually, either individually or at the cash generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Following is the estimated economic life of intangible assets:

<b>Nature of Intangible assets</b>	<b>Useful life of the intangible assets</b>
Goodwill	5 Years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**iii. Impairment of assets**

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed





**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**e. Inventories:**

Inventories are valued as follows:

**i. Raw materials and loose tools**

Lower of cost or net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

**ii. Work in progress**

Work in progress is valued at cost up to the stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

**iii. Finished goods**

Finished goods are valued at lower of cost or net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.

**f. Investments:**

Long term investments are stated at cost of acquisition inclusive of expenditure incidental to acquisition. A provision for diminution is made to recognise a decline, other than temporary in the value of long term investments.

Current investments are stated at lower of cost and fair value determined on an individual basis.

**g. Employee benefits:**

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company. The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated and can be availed in future.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

The Company has three post-employment benefit plans in operation viz. Gratuity, Unavailed leaves, Provident Fund and Employee State Insurance scheme.

***i. Provident fund and Employee State Insurance scheme***

Provident fund benefit and Employee State Insurance benefit are defined contribution plans under which the Company pays fixed contributions into funds established under Employee Provident Fund and Miscellaneous Provision Act, 1952 and Employee State Insurance Act, 1948 respectively. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

***ii. Gratuity***

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, if any together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise, if any .

***iii. Unavailed leaves***

The Company also provides benefit of compensated absences to its employees which are in the nature of long term benefit plan. The compensated absences comprises of vesting as well as non-vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**h. Borrowings costs:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing cost directly attributable to the acquisition, construction or production of an assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**i. Foreign currency transactions:**

Foreign currency transactions, if any are recorded in line with following:

**a. Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**b. Subsequent recognition**

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

**c. Exchange differences**

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**j. Income tax**

Tax expense comprises current tax and deferred tax.

**i. Current tax**

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year as per the Income Tax Act, 1961.

Minimum Alternative Tax credit ("MAT credit") is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India the said asset is created by way of a credit to the Statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

**ii. Deferred tax**

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

**k. Leases**

**Operating leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

**l. Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**m. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

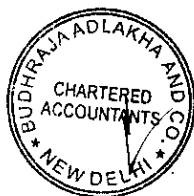
For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
**(FORMERLY RAA AUTOCOM LIMITED)**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2016**

**n. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.



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**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
(FORMERLY KNOWN AS RAA AUTOCOM LTD.)

Notes to financial statements for the year ended March 31, 2016

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
<b>Note 3 - SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
50000000 Equity Shares of Re. 10/- each ( Prev. Year 50000000 Equity Shares of Re. 10/- each )	500,000,000	500,000,000
<b>Issued, Subscribed and Paid-Up Capital</b>		
46050000 Equity Shares of Re. 10/- each fully paid up ( Prev. Year 46050000 Equity Shares of Re. 10/- each)	460,500,000	460,500,000
	460,500,000	460,500,000

**a) Reconciliation of shares outstanding at the beginning and at the end of reporting period**

	No. of shares	Amount (Rs)	No. of shares	Amount (Rs)
At the beginning of the year	46050000	460,500,000	50000	500,000
Issued during the year	-	-	46000000	460,000,000
<b>Outstanding at the end of the year</b>	<b>46050000</b>	<b>460,500,000</b>	<b>46050000</b>	<b>460,500,000</b>

**b) Terms / rights attached to equity shares**

- The company has only one class of equity share, having per value of Rs10/- per share. Each holder of equity share is entitled for one vote per share and has a right to receive dividend as recommended by the board of directors subject to the necessary approval from shareholders
- In the event of liquidation of the company, the holder of equity share will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity shareholders.

**c) Shares held by holding / ultimate company and / or their subsidiaries / associates**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
Rico Investments Limited (Holding co.) and its nominees 46050000 equity shares @ Rs 10 each fully paid up (Previous year 46050000 equity shares @ Rs 10 each fully paid up)	460,500,000	460,500,000

**d) Details of shareholders holding more than 5% shares in the company**

	No. of shares	% of Holding	No. of shares	% of Holding
Equity shares of Rs 10/- fully paid Rico Investments Limited (Holding co.) and its nominees	46,050,000	100%	46050000	100%

**Note 4 - RESERVES AND SURPLUS**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
<b>Surplus/(deficit) in the statement of profit &amp; loss</b>		
Balance as per last financial statements	(2,615,389)	(18,627,342)
Add : Profit for the year	8,272,209	16,011,953
<b>Total (Rs.)</b>	<b>5,656,820</b>	<b>(2,615,389)</b>

**Note 5 - LONG TERM BORROWINGS**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
<b>Unsecured Loan</b>		
Term loan from companies <sup>1</sup>	-	29,610,000
Term loan from financial institution <sup>2</sup>	14,547,393	26,177,000
	14,547,393	55,787,000
<b>The above amount includes</b>		
Amount disclosed under the head "Other Current liabilities" (Note -10)	(11,650,393)	(11,640,000)
<b>Total (Rs.)</b>	<b>2,897,000</b>	<b>44,147,000</b>

**Security Detail and Term of Repayment of Borrowings:**

<sup>1</sup> Term loan taken from Rico Investments Ltd.(holding Company). The loan carries interest @13% p.a. and the same was payable on demand.

<sup>2</sup> Term Loan from Financial institution includes the liability taken over as part of undertaking purchased from Rico Auto Industries Limited to be repaid by Rico Auto Industries Limited to Tata Capital Financial Services Limited. Since the liability has been taken over as part of the purchase of undertaking repayment of the same will be made to Rico Auto Industries Limited by the company which in turn will make the payment to Tata Capital Financial Services Limited. The Loan carries interest @ 13.50% p.a. and is repayable in Rs 9,70,000/- equal monthly instalments.



**Note 6 - DEFERRED TAX LIABILITY**

Fixed Assets: Impact of difference between tax depreciation &amp; depreciation charged in the financial reporting

VRS benefits

Provision for gratuity

Provision for leave encashment

Rent equalisation reserve

Difference on tax due to MAT Provisions

Provision against inventory

**Total (Rs.)****Mar, 31 2016**  
**(Rs.)**

9,050,889

(4,478,838)

(98,616)

149,445

(712)

-

(163,992)

**4,458,177****Mar, 31 2015**  
**(Rs.)**

5,247,234

607,841

-

(1,143)

(4,666,373)

**1,187,560****Note 7 - OTHER LONG TERM LIABILITIES**

Security Deposits

**Total (Rs.)**

1,400,480

2,465,230

**1,400,480****2,465,230****Note 8 - LONG TERM PROVISIONS**

Provision for Gratuity

Provision for Compensated Absences

Rent equalisation Provision

**Total (Rs.)**

47,165,000

13,434,000

-

**60,599,000**

41,454,271

9,109,000

2,396

**50,565,667****Note 9 - TRADE PAYABLE**

Trade Payables (including acceptances) (refer note no. 33 for detail due to micro and small enterprises)

**Total (Rs.)**

275,653,875

17,671,562

**275,653,875****17,671,562****Note 10 - OTHER CURRENT LIABILITIES**

Current maturities of long-term debts (refer note no 5)

Rupee Loan (From a Financial institution)

Interest accrued but not due

Statutory remittances :

- TDS payable

- Excise and service tax payable

- Provident fund &amp; ESIC payable

- VAT &amp; sales tax payable

Payable against purchase of fixed assets

Employee benefits payable

Security deposits

Advance from customers

Other Liabilities

Yes bank - current account (Book overdraft)

**Total (Rs.)**

11,650,393

-

4,346,022

435,174

2,644,748

5,703,658

3,525,968

31,358,526

2,070,423

196,852

15,871,254

12,762,739

**90,565,757**

11,640,000

60,076

357,594

-

514,865

1,466,338

-

22,257,025

-

-

10,517,989

-

**46,813,887****Note 11 - SHORT TERM PROVISIONS**

Provision for bonus

Provision for gratuity

Provision for compensated absences

Rent equalisation Provision

Provision for Income Tax

**Total (Rs.)**

12,612,543

1,056,000

543,000

2,396

3,504,000

**17,717,939**

4,505,019

4,467,729

5,320,000

1,307

3,800,000

**18,094,055**



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
(FORMERLY KNOWN AS RAA AUTOCOM LTD.)

Notes to financial statements for the year ended March 31, 2016

Note -12

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Total Cost	Addition	Sale/Trf.	Total Cost	For	On	As on	As on
	As on 01.04.2015	During the Year	During the Year	as on 31.03.2016	The Year	Sale/ Transfer	31.03.2016	31.03.2015
<b>FIXED ASSETS</b>								
<b>TANGIBLE ASSETS</b>								
LAND	-	-	-	-	-	-	-	-
BUILDINGS	1,339,574	426,563	-	1,766,136	545,507	-	1,211,647	1,330,592
FURNITURE & FIXTURES	233,385,556	59,060,894	2,420,226	290,026,224	31,450,126	383,483	258,484,322	232,910,298
PLANT & EQUIPMENT	2,558,000	9,310,678	-	11,868,678	401,650	-	11,464,331	2,555,303
DIES & MOULD	2,189,966	440,519	-	2,630,485	848,885	-	1,769,002	2,177,368
OFFICE EQUIPMENT	692,661	3,254,830	848,900	3,098,591	829,208	97,030	2,362,209	688,457
VEHICLES	-	-	-	-	-	-	-	-
<b>SUB TOTAL</b>	<b>240,165,757</b>	<b>72,493,484</b>	<b>3,269,126</b>	<b>309,390,115</b>	<b>34,075,377</b>	<b>480,513</b>	<b>275,291,512</b>	<b>239,662,018</b>
<b>INTANGIBLE ASSETS</b>								
GOODWILL	4,992,932	-	-	4,992,932	998,592	-	3,977,925	4,976,516
<b>SUB TOTAL</b>	<b>4,992,932</b>	<b>-</b>	<b>-</b>	<b>4,992,932</b>	<b>998,592</b>	<b>-</b>	<b>3,977,925</b>	<b>4,976,516</b>
<b>TOTAL CURRENT YEAR</b>	<b>245,158,689</b>	<b>72,493,484</b>	<b>3,269,126</b>	<b>314,383,047</b>	<b>35,073,969</b>	<b>480,513</b>	<b>279,269,437</b>	<b>244,638,534</b>
<b>PREVIOUS YEAR FIGURES</b>	<b>-</b>	<b>246,756,516</b>	<b>1,597,827</b>	<b>245,158,689</b>	<b>524,617</b>	<b>4,463</b>	<b>244,638,534</b>	<b>-</b>
<b>CAPITAL WORK - IN - PROGRESS</b>								
Capital Work - in - progress	2,498,615	85,246,177	0	87,744,792	-	-	87,744,792	249,861,515
<b>Total</b>							<b>87,744,792</b>	<b>249,861,515</b>



**Note 13 - LONG TERM LOANS AND ADVANCES**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
<b>Capital advances:</b>		
Unsecured, considered good	2,241,650	1,803,568
<b>Security deposits:</b>		
Unsecured, considered good	375,000	20,000
<b>Loans and advances to related parties:</b>		
Unsecured, considered good		
- Rico Castings Ltd <sup>1</sup>	130,067,131	-
<b>MAT credit entitlement receivable</b>	674,000	-
<b>Total (Rs.)</b>	<b>133,357,781</b>	<b>1,823,568</b>

<sup>1</sup>Loans and advances shown above, are in nature of long term Loans. The loan carries interest @ 10.50% p.a.on quarterly rest and is re-payable in five equal yearly installments after a moratorium of two years. The first installment shall commence from April 1, 2018. (Maximum amount outstanding Rs. 13,00,67,131/-)(Previous Year Rs. NIL.)

**Note 14 - CURRENT INVESTMENT (QUOTED)**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
(Valued at lower of cost and fair value unless stated otherwise)		
Reliance liquid fund-treasury plan (8801.402 units @ 3408.5480)	-	30,000,000
SBI Magnum insta cash fund - Regular plan (2986.79 Units@ 1675.03)	-	5,001,771
SBI saving fund - daily growth (1137631.38 Units@ 21.9853)	25,011,164	-
SBI saving fund - regular growth (459459.584 Units@ 21.7647)	10,000,000	-
<b>Total (Rs.)</b>	<b>35,011,164</b>	<b>35,001,771</b>
<b>Aggregate Market Value (NAV)</b>	<b>37,966,045</b>	<b>35,026,855</b>

**Note 15 - INVENTORIES**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
(As valued and certified by the Management - cost or Realisable Value whichever is less)		
Raw Material & Components	26,958,411	49,154,656
Work-in-process	61,419,130	59,352,036
GIT-Finished Goods	739,763	-
Stores & Spares	116,591,956	100,281,420
<b>Total (Rs.)</b>	<b>205,709,260</b>	<b>208,788,112</b>

**Note 16 - TRADE RECEIVABLE**

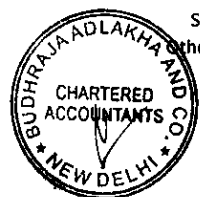
	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
<b>Unsecured, considered good</b>		
: Outstanding for a period exceeding six months from the date they were due for payment	-	-
: Other debts	54,677,355	44,524,242
	<b>54,677,355</b>	<b>44,524,242</b>

**Note 17 - CASH AND CASH EQUIVALENTS**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
Balances with Scheduled Banks		
In current accounts	-	30,471
Cash on hand	30,661	268,659
<b>Total (Rs.)</b>	<b>30,661</b>	<b>299,130</b>

**Note 18 - SHORT TERM LOANS & ADVANCES (unsecured, considered good)**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
Loans & Advance to Employee	2,852,071	3,306,243
Advance to Suppliers	39,842,652	11,291
Advance Income Tax	1,970,467	-
Prepaid Expenses	4,305,832	1,854,609
Assets Held for Sale	-	146,000
Security	70,000	-
Balance with statutory/ government authorities	-	-
Service Tax	6,629,762	527,691
Excise Duty	67,870,490	49,544,521
Sales Tax	52,391	-
Others	54,936	45,865,244
<b>Total (Rs.)</b>	<b>123,648,600</b>	<b>101,255,600</b>



**Note 19 - REVENUE FROM OPERATIONS**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
<b>Sale of products and services</b>		
Domestic sales	2,828,444,014	44,073,392
Job work	98,947,682	-
<b>Other operating revenues</b>		
Sales - Scrap	17,425,853	424,294
Miscellaneous sales	6,841,633	-
<b>Revenue from operations (gross)</b>	<b>2,951,659,181</b>	<b>44,497,686</b>
Less : Excise duty	345,149,771	5,120,574
<b>Revenue from operations (net)</b>	<b>2,606,509,410</b>	<b>39,377,112</b>

**a) Detail of products sale**

Cap crank shaft	691,382,555	14,548,786
Differential case	949,260,452	4,649,318
Duct exhaust gas	95,753,828	-
Rotor oil filter	293,974,445	1,103,233
Others	798,072,732	23,772,054
	<b>2,828,444,014</b>	<b>44,073,392</b>

**b) Details of services rendered**

Machining work	98,947,682	-
	<b>98,947,682</b>	<b>-</b>

**Note 20 - OTHER INCOME**

Interest income	74,590	-
Dividend income from investments	145,938	1,771
Miscellaneous Income	567,562	19,996,738
Foreign Exchange Gain (Net)	42,497	-
Balance Written Back (Net)	32,280	-
<b>Total (Rs.)</b>	<b>862,867</b>	<b>19,998,509</b>

**Note 21 - COST OF MATERIAL CONSUMED****Raw Material & Components**

Inventory at the beginning of the year	49,154,656	-
Add : Purchase during the year	831,923,357	124,457,064
	881,078,013	124,457,064
Less: Inventory at the end of the year	26,958,411	49,154,656
<b>Cost of raw material and components consumed</b>	<b>854,119,602</b>	<b>75,302,408</b>

**Details of raw material and components consumed**

Steel scraps	388,600,671	3,977,777
Others	465,518,931	71,324,631
	<b>854,119,602</b>	<b>75,302,408</b>

**Details of inventory**

Steel scraps	517,889	29,419,527
Others	26,440,522	19,735,129
	<b>26,958,411</b>	<b>49,154,656</b>

**Note 22 - (INCREASE)/DECREASE IN INVENTORIES****Work-in-Process**

Inventories at the beginning of year	59,352,036	-
Inventories at the end of year	61,419,130	59,352,036
	<b>(2,067,094)</b>	<b>(59,352,036)</b>

**Finished Goods**

Inventories at the beginning of year	-	-
Inventories at the end of year	-	-

**Changes in inventories of finished goods & work in progress**

	<b>(2,067,094)</b>	<b>(59,352,036)</b>
--	--------------------	---------------------

**Details of inventory****Work in progress**

Rotor oil filter	3,935,011	5,154,943
Differential case	1,159,814	2,564,259
Cap Bearing	1,862,069	2,414,342
Others	54,462,235	49,218,492
	<b>61,419,130</b>	<b>59,352,036</b>



**Note 23 - EMPLOYEE BENEFIT EXPENSES**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
Salaries, wages and bonus	314,579,062	3,918,919
Contribution to provident and other funds	16,044,982	254,214
Gratuity expenses	7,915,261	-
Leave encashment	5,329,591	-
Staff Welfare Expenses	9,525,718	69,591
<b>Total (Rs.)</b>	<b>353,394,613</b>	<b>4,242,724</b>

**Note 24 - FINANCE COST**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
Interest expenses	6,045,811	58,091
Bank Charges	97,800	67,197
<b>Total (Rs.)</b>	<b>6,143,612</b>	<b>125,288</b>

**Note 25 - OTHER EXPENSES**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
Consumption of stores & spare parts		
Mechanical spares consumed	35,980,680	288,728
Electrical spares consumed	14,923,007	211,301
Consumable tools consumed	81,510,364	1,131,494
Others stores & spares consumed	94,459,470	1,020,295
Power & Fuel	514,320,935	6,670,697
Sub Contractor Expenses	113,252,094	1,540,477
Job work expenses	265,716,469	2,492,041
Rent	92,485,560	867,744
Repairs and Maintenance - Buildings	2,379,046	-
Repairs and Maintenance - Machinery	14,440,287	-
Repairs and Maintenance - Others	1,414,023	33,414
Insurance	11,036,394	10,280
Rates & Taxes	1,227,524	4,157,680
Travelling & Conveyance	2,091,989	18,910
Professional Charges	52,883,936	146,374
Vehicle Expenses	5,191,984	1,883
Printing & Stationery	1,913,456	17,887
Communication Expenses	980,800	1,925
Freight Outward Expenses	7,162,691	-
Staff Recruitment & Training	166,616	-
D.G.Hire Charges A/C	1,795,200	29,614
Testing Charges	15,458	-
Line Rejection, Re-Work Charges	8,414,935	-
Loss on Sale / Discard of Assets	1,679,077	1,447,364
Prior Period Items (Net)	20,440	-
Miscellaneous Expenses	751,143	-
<b>Payment to the Auditors comprises :</b>		
Audit fee	475,000	100,000
For Taxation Matters	25,000	25,000
Reimbursement of Expenses	8,205	-
<b>Total (Rs.)</b>	<b>1,326,721,782</b>	<b>20,213,107</b>

**Note 26 - EXCEPTIONAL ITEMS**

	Mar, 31 2016 (Rs.)	Mar, 31 2015 (Rs.)
Voluntary retirement scheme expenses	16,932,967	-
<b>Total (Rs.)</b>	<b>16,932,967</b>	<b>-</b>



**RICO ALUMINIUM AND FERROUS AUTO COMPONENTS LIMITED**  
(FORMERLY KNOWN AS RAA AUTOCOM LTD.)

Notes to financial statements for the year ended March 31, 2016

**Note - 27: Earning per share (EPS)**

Earning Per Share (EPS) computed in accordance with Accounting Standard 20 issued by The Institute of Chartered Accountants of India:

	31st March 2016 (Rs.)	31st March, 2015 (Rs.)
Net Profit as per Statement of Profit & Loss (Rs.)	8,272,209	16,011,953
Weighted Average Number of Equity Shares outstanding during the year (Nos.)	46,050,000	806,165
Number of shares - Diluted (Nos.)	46,050,000	806,165
Basic Earning Per share (Rs.)	0.18	19.86
Diluted Earning Per share (Rs.)	0.18	19.86

**Note - 28 : Retirement and Other Employee Benefits**

	31st March 2016 (Rs.)	31st March, 2015 (Rs.)
<b>Provident fund and other funds</b>		
Employers contribution to provident fund	14,735,730	221,529
Employers contribution to ESI	1,119,916	16,825

**Gratuity Plan:**

**I (i) Change in Present Value of benefit obligations :**

	31st March 2016 (Rs.)	31st March, 2015 (Rs.)
Present value of obligation at the beginning	45,922,000	-
Current Service Cost	4,643,000	-
Acquisition Cost	-	47,432,000
Interest Cost	3,455,000	-
Actuarial (gain)/ loss	(341,000)	(1,510,000)
Benefits Paid	(5,458,000)	-
Present value of obligations at the end	48,221,000	45,922,000

**(ii) Change in plan assets :**

	31st March 2016 (Rs.)	31st March, 2015 (Rs.)
Fair value of plan assets at the beginning	-	-
Expected return on plan assets	-	-
Employer's Contributions	-	-
Benefits Paid	-	-
Actuarial Gain	-	-
Fair value of plan assets as on at the end	-	-

**(iii) Net Liabilities/ (Assets) (i-ii)**

48,221,000	45,922,000
------------	------------

**(iv) Net gratuity expense recognised in the statement of profit and loss account**

	31st March 2016 (Rs.)	31st March, 2015 (Rs.)
Current Service Cost	4,643,000	-
Interest cost	3,455,000	-
Expected return on plan assets	-	-
Actuarial (gain)/Loss recognised in the year	(341,000)	(1,510,000)
Net gratuity cost	7,757,000	(1,510,000)

**Leave Encashment Plan:**

**II (i) Change in Present Value of benefit obligations :**

	31st March 2016 (Rs.)	31st March, 2015 (Rs.)
Present value of obligation at the beginning	14,429,000	-
Current Service Cost	5,529,000	-
Acquisition Cost	-	15,102,000
Interest Cost	931,000	-
Actuarial (gain)/ loss	(1,339,000)	(673,000)
Benefits Paid	(5,573,000)	-
Present value of obligations at the end	13,977,000	14,429,000



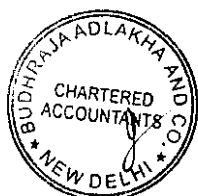
**Related party transactions**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year :

	<u>31st March 2016</u> (Rs.)	<u>31st March 2015</u> (Rs.)
<b>i).Rico Auto Industries Ltd</b>		
Sale of Finished / Unfinished Goods	2,828,444,014	44,801,860
Job Work Income	98,422,752	-
Purchase of Raw Material /consumables/store	216,419,153	-
Purchase of Capital Goods	4,249,398	-
Support service expenses	55,338,183	-
Rent paid	89,258,312	970,836
Interest paid	2,971,567	58,091
Loan taken	-	50,000
Balance written off during the year	-	18,029,616
Capital advance taken	-	1,803,568
Reimbursement of Expenses (Paid)	489,137,312	-
Assets / liabilities purchased under slump sale	-	444,000,000
<b>Balance payable</b>	-	<b>884,431</b>
<b>Balance Recoverable</b>	<b>54,162,924</b>	<b>42,805,327</b>
<b>ii).Kapros Engineering Industries Ltd</b>		
Purchase of Raw Material /consumables/store	77,270	-
Purchase of Capital Goods	10,754,300	-
Sale of Consumable / Stores	240,006	-
Job Work Expenses Paid	234,960,905	2,281,725
<b>Balance payable</b>	-	<b>2,236,088</b>
<b>Balance Recoverable</b>	<b>35,366,411</b>	-
<b>iii).AAN Engineering Industries Ltd</b>		
Job Work Income	524,930	-
<b>Balance payable</b>	-	-
<b>Balance Recoverable</b>	<b>514,431</b>	-
<b>iv).Rico Castings Ltd</b>		
Interest Received	74,590	-
Purchase of Raw Material / /consumables/store	1,346,500	-
Loan given	130,000,000	-
<b>Loan outstanding Recoverable</b>	<b>130,067,131</b>	-
<b>Balance payable</b>	<b>132,300</b>	-
<b>Balance Recoverable</b>	-	-
<b>v).Rico Jinfie Wheels Ltd</b>		
Purchase of Raw Material / /consumables/store	236,949	-
<b>Balance payable</b>	-	-
<b>Balance Recoverable</b>	-	-
<b>vi).Rico Investments Ltd</b>		
Interest paid	3,163,692	66,752
Loan taken	5,000,000	29,610,000
Sum received as investment in equity	-	460,000,000
Loan repaid	34,610,000	-
<b>Balance payable</b>	-	<b>29,670,076</b>
<b>Balance Recoverable</b>	-	-
<b>vii). Key Management Personnel</b>		
<b>Remuneration paid to key management personnel</b>		
Mr. Ranjeet Singh Yadav	1,996,508	-
Ms. Manpreet Kaur Kochhar	349,656	-
Mr. Mukesh Goyal	1,100,634	-
	<b>3,446,798</b>	-

**Note - 31 : Capital and other commitments**

Estimated amount of contracts remaining to be executed on account of capital commitment Rs 25,98,500/- (previous year Rs 59,77,437/-) net of advance Rs 2,72,500/- (previous year Rs 18,03,568/-)



(ii) Change in plan assets :

	31st March 2016	31st March, 2015
	(Rs.)	(Rs.)
Fair value of plan assets at the beginning	-	-
Expected return on plan assets	-	-
Employer's Contributions	-	-
Benefits Paid	-	-
Actuarial Gain	-	-
Fair value of plan assets at the end	-	-
(iii) Net Liability/(Assets) (i-ii)	13,977,000	14,429,000

(iv) Net Leave Encashment for the year ended :

	31st March 2016	31st March, 2015
	(Rs.)	(Rs.)
Current Service Cost	5,529,000	-
Interest cost	931,000	-
Expected return on plan assets	-	-
Actuarial (gain)/Loss recognised in the year	(1,339,000)	(673,000)
Net Leave Encashment cost	5,121,000	(673,000)

Principal Actuarial Assumptions

The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below :

	31st March 2016	31st March 2015
	Rate %	Rate %
Discount rate	8	8
Salary escalation rate	7	7
Expected rate of return on plan assets	0	0

Note - 29 : Leases

The lease rentals charged for the year ended March 31, 2016 and March 31, 2015 and maximum obligation under long term, non- cancelable operating lease payable as per the rentals stated in the respective agreements are as follows:

	31st March 2016	31st March 2015
	(Rs.)	(Rs.)
Lease rentals recognized during the year	14,087,482	14,087,482
Lease obligation payable:		
Within one year of the Balance Sheet date	14,047,688	14,086,175
Due in period between one year and Five years	11,776,966	25,824,653
Due after five years	NIL	NIL

Note - 30 : Related party disclosures

Names of related parties and related party relationship

	31st March 2016	31st March 2015
	(Rs.)	(Rs.)
i) Related parties where control exists		
Rico Auto Industries Ltd		
Rico Investments Ltd		
ii) Related parties with whom transactions have been taken place during the year		
Kapros Engineering Ltd		
Rico Castings Ltd		
Rico Jinfie Wheels Ltd		
AAN Engineering Industries Ltd		
iii) Key Management personnel		
Name of Key persons		
Ms. Manpreet Kaur Kochhar		
Shri Mukesh Goyal		
Shri Ranjeet Singh Yadav		

Description of Relationships  
Parent Holding Company  
Holding Company

Entity in which KMP exercise significant influence  
Entity in which KMP exercise significant influence  
Entity in which KMP exercise significant influence  
Entity in which KMP exercise significant influence

Company Secretary  
Chief Financial Officer  
Manager



**Note - 32 : Contingent Liabilities**

	<u>31st March 2016</u> (Rs.)	<u>31st March 2015</u> (Rs.)
a) Claims not acknowledged by the Company relating to cases contested by the Company and which, in the opinion of the Management, are not likely devolve on the Company relating to the following areas :	NIL	NIL
b) Demand against the company acknowledged as liability i.e. Income Tax, Sales Tax etc.	NIL	NIL

**Note - 33 : Detail of dues to micro and small enterprises as defined under the MSMED Act, 2006**

In Pursuance of Micro, Small & Medium Enterprises Development Act, 2006 the names of the enterprises to whom the Company owes any sum which is outstanding at the year end are as follows :

Particulars	31st March 2016		31st March 2015	
	Principal	Interest	Principal	Interest
1. The principal amount and the interest due thereon remaining unpaid to any supplier as at and of each accounting year	5,976,356	-	352,012	-
2. The amount of interest paid by the buyer in term of section 16 of MSMED Act along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-	-
3. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-	-	-
4. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	5,976,356	-	352,012	-
5. The amount of further interest remaining due and payable even in the succeeding years , until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure u/s 23 of MSMED Act.	-	-	-	-

**Note - 34: Value of Imports calculated on CIF basis**

	<u>31st March 2016</u> (Rs.)	<u>31st March 2015</u> (Rs.)
Raw Material & Components	4,733,181	-
Consumable Stores	10,338,390	-

**Note - 35: Income in Foreign Currency (Accrual Basis)**

	<u>31st March 2016</u> (Rs.)	<u>31st March 2015</u> (Rs.)
Income in Foreign Currency	NIL	NIL

**Note - 36 : Expenditure in Foreign Currency (Accrual Basis)**

	<u>31st March 2016</u> (Rs.)	<u>31st March 2015</u> (Rs.)
Foreign Travel	82,598	-





**Note - 37 : Imported and indigenous raw material, components and spares parts consumed**

	31st March 2016		31st March 2015	
	% of total consumption	Value in Rs.	% of total consumption	Value in Rs.
<b>Raw Material</b>				
Indigenous	100	702,597,099	100	15,701,130
Imported	-	-	-	-
<b>Components</b>				
Indigenous	97.89	146,300,728	100	2,741,283
Imported	2.21	3,154,681	-	-
<b>Stores &amp; Spares</b>				
Indigenous	96.94	219,942,326	100	2,651,818
Imported	3.06	6,931,194	-	-

**Note - 38 : Segment wise revenue, results and capital employed**

- As the Company's business activity falls within a single primary business segment viz. "manufacturing and sale of auto components for two wheelers and four wheelers", hence, the company has only one primary reportable business segment.
- Secondary segment: Geographical- No such reporting required as company is operating in India only.

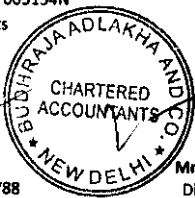
**Note-39 : Previous year figures**

- Corresponding figures for the previous year have been re-grouped / rearranged, wherever necessary to confirm to current year classification.
- Previous year figures are not comparable as Company has purchased the business of manufacturing plants of ferrous & non ferrous auto components on 26th March 2015. Therefore only 6 days of working was done in previous year of new business.

As per our report of even date  
For **Budhraj Adlakha & Co.**  
Firm Registration No : 005154N  
Chartered Accountants

For and on behalf of the Board of Directors of Rico Aluminium and Ferrous Auto Components Limited

**CA Rahool Adlakha**  
Partner  
Membership No. 083788  
Gurgaon



**Mr. Sanjay Tyal**  
Director  
DIN:02090613

**Mr. Naresh Kumar Sethi**  
Director  
DIN:00202498

**Mr. Mukesh Goyal**  
Chief Fin. Officer

**Ms. Manpreet Kaur Kochhar**  
Company Secretary

Date : May 17, 2016

# **RICO JINFEI WHEELS LIMITED**

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## **Board of Directors**

Shri Arvind Kapur - Chairman  
Shri Rakesh Kapur - Managing Director  
Shri Bingzao Ge  
Shri Arun Gupta  
Ms. Sandeep Kaur Riat  
Shri Om Prakash Aggarwal  
Shri Naresh Kumar Sethi

## **Chief Financial Officer**

Shri Mahesh Kumar Raghav

## **Company Secretary**

Shri Manupreet Singh Batra

## **Auditors**

Walker Chandiok & Co LLP  
(Formerly Walker, Chandiok & Co),  
Chartered Accountants  
Firm Registration No.001076N/N500013  
New Delhi (India)

## **Bankers**

Axis Bank Ltd.

## **Registered Office**

38 KM Stone, Delhi-Jaipur Highway  
Gurgaon-122001  
Haryana (India)

## **Manesar Plant**

Plot No. 397, Sector-8  
IMT Manesar,  
Gurgaon-122050, Haryana (India)

## **Bawal Plant**

Plot No. 22, Phase-II,  
Sector-5, Bawal,  
Haryana (India)

# Walker Chandiook & Co LLP

**Walker Chandiook & Co LLP**  
(Formerly Walker, Chandiook & Co)  
21st Floor, DLF Square  
Jacaranda Marg, DLF Phase II  
Gurgaon 122002  
India

T +91 124 462 8000  
F +91 124 462 8001

## Independent Auditor's Report

To the Members of Rico Jinfei Wheels Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Rico Jinfei Wheels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in annexure A, as required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors as on March 31, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated May 18, 2016 as per annexure B expressed unmodified opinion.



# Walker Chandiok & Co LLP

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. as detailed in Note 27 to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*Walker Chandiok & Co LLP*

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Ashish Gupta*

per **Ashish Gupta**

Partner

Membership No.: 504662



**Place:** Gurgaon

**Date:** May 18, 2016

# Walker Chandiook & Co LLP

## Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2016

### Annexure A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company, except for land acquired from HSIIDC, which is pending registration, refer note 27 of the financial statement.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.



# Walker Chandiok & Co LLP

## Annexure A to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2016

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank. The Company did not have any dues payable to financial institution, government or outstanding debenture-holders during the year.
- (ix) In our opinion, the Company has applied the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) Based on the management representation, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

*Walker Chandiok & Co LLP*

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Ashish Gupta*

per **Ashish Gupta**

Partner

Membership No.: 504662



**Place:** Gurgaon

**Date:** May 18, 2016

# Walker Chandniok & Co LLP

**Annexure B to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2016**

## **Annexure B**

**Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of Rico Jinfei Wheels Limited ("the Company") as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3)





# Walker Chandiook & Co LLP

## Annexure B to the Independent Auditor's Report of even date to the members of Rico Jinfei Wheels Limited, on the financial statements for the year ended March 31, 2016

provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ( the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI).

*Walker Chandiook & Co LLP*

For **Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Ashish Gupta*

per **Ashish Gupta**

Partner

Membership No.: 504662



**Place:** Gurgaon

**Date:** May 18, 2016

**Rico Jinfei Wheels Limited**  
Balance sheet as at March 31, 2016

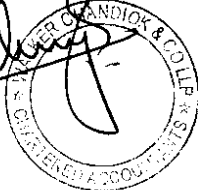
	Notes	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	380,000,000	380,000,000
Reserves and surplus	4	<u>(308,332,951)</u>	<u>(305,001,896)</u>
		<b>71,667,049</b>	<b>74,998,104</b>
<b>Non Current Liabilities</b>			
Long term borrowings	5	321,403,632	161,794,869
Other long term liabilities	6	468,963	-
Long term provisions	7	<u>5,041,361</u>	<u>3,638,440</u>
		<b>326,913,956</b>	<b>165,433,309</b>
<b>Current liabilities</b>			
Short term borrowings	8	12,365,079	183,743,918
Trade payables	9	-	-
Due to micro, small and medium enterprises		478,706	243,525
Other payables		67,851,221	187,556,216
Other current liabilities	10	12,583,484	18,238,129
Short term provisions	11	<u>228,142</u>	<u>79,481</u>
		<b>93,506,632</b>	<b>389,861,269</b>
<b>Total</b>		<b>492,087,637</b>	<b>630,292,682</b>
 <b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	301,143,732	325,218,520
Capital work-in-progress		67,246,219	47,037,173
Long term loans and advances	13	6,043,407	2,159,520
Other non current assets	14	<u>917,245</u>	<u>-</u>
		<b>375,350,603</b>	<b>374,415,213</b>
<b>Current assets</b>			
Inventories	15	47,268,264	69,607,630
Trade receivables	16	20,096,117	125,172,526
Cash and bank balances	17	1,704,579	8,847,321
Short term loans and advances	18	<u>47,668,074</u>	<u>52,249,992</u>
		<b>116,737,034</b>	<b>255,877,469</b>
<b>Total</b>		<b>492,087,637</b>	<b>630,292,682</b>

The accompanying notes (1 to 40) are an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

*Walker Chandiook & Co LLP*

For Walker Chandiook & Co LLP  
Chartered Accountants

*Ashish Gupta*  
per Ashish Gupta  
Partner



For and on behalf of the Board of Directors

*Om Prakash Aggarwal*  
Om Prakash Aggarwal  
Director  
(DIN:01537211)

*Rakesh Kapur*  
Rakesh Kapur  
Managing Director  
(DIN:00100359)

*M.K. Raghav*  
M.K. Raghav  
Chief Financial Officer

*Manpreet Singh Batra*  
Manpreet Singh Batra  
Company Secretary

Place: Gurgaon  
Date: May 18, 2016

**Rico Jinfei Wheels Limited**  
Statement of profit and loss for the year ended March 31, 2016

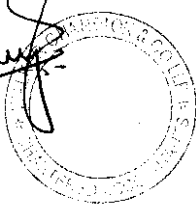
	Notes	Year ended March, 31, 2016	(Amount in ₹) Year ended March 31, 2015
<b>Revenue</b>			
Revenue from operations (gross)	19	831,930,806	961,092,830
Less: Excise duty		94,350,754	107,898,393
Revenue from operations (net)		737,580,052	853,194,437
Other income	20	1,753,477	127,863,262
<b>Total revenue</b>		<b>739,333,529</b>	<b>981,057,699</b>
<b>Expenses</b>			
Cost of materials consumed	21	417,827,448	479,077,985
Purchases of traded goods		44,462,105	110,252,228
Change in inventories of work in progress and traded goods	22	8,351,987	(12,917,838)
Employee benefit expenses	23	36,905,212	32,388,513
Finance costs	24	3,342,487	21,098,479
Depreciation expense	12	29,126,698	28,880,983
Other expenses	25	202,648,647	212,341,580
<b>Total expenses</b>		<b>742,664,584</b>	<b>871,121,930</b>
<b>Profit / (Loss) before tax</b>		<b>(3,331,055)</b>	<b>109,935,769</b>
<b>Tax expense</b>			
Current tax		-	3,095,111
Less : MAT credit entitlement		-	(3,095,111)
<b>Profit / (Loss) for the year</b>		<b>(3,331,055)</b>	<b>109,935,769</b>
<b>Earning per share</b>			
Basic and diluted earning per equity share [nominal value of share March 31, 2016 : ₹ 10 (March 31, 2015 : ₹ 10)]	26	(0.09)	3.33

The accompanying notes (1 to 40) are an integral part of the financial statements.  
This is the Statement of Profit and Loss referred to in our report of even date.

*Walker Chandniok & Co LLP*

For Walker Chandniok & Co LLP  
Chartered Accountants

*Ashish Gupta*  
per Ashish Gupta  
Partner



For and on behalf of the Board of Directors

*Om Prakash Aggarwal*  
Om Prakash Aggarwal  
Director  
(DIN:01537211)

*Rakesh Kapur*  
Rakesh Kapur  
Managing Director  
(DIN:00100359)

*M.K. Raghav*  
M.K. Raghav  
Chief Financial Officer

*Manupreet Singh Batra*  
Manupreet Singh Batra  
Company Secretary

Place: Gurgaon  
Date: May 18, 2016

*Gar*

**Rico Jinfei Wheels Limited**  
Cash flow statement for the year ended March 31, 2016

(Amount in ₹)  
Year ended  
March 31, 2015

Year ended  
March 31, 2016

**A. Cash flow from operating activities**

<b>Net profit before tax</b>	(3,331,055)	109,935,769
<b>Adjustments for :</b>		
Depreciation	29,126,698	28,880,983
Profit on sale of assets	-	(8,222)
Finance cost	3,342,487	21,098,479
Interest income	(257,172)	(126,431,236)
Unrealised foreign exchange loss/(gain)	190,230	(334,633)
<b>Operating profit before working capital changes</b>	<b>29,071,188</b>	<b>33,141,140</b>
<b>Adjustments for :</b>		
(Increase)/decrease in trade and other receivables	105,774,439	(68,710,720)
Increase in trade and other payables	(120,123,194)	156,447,691
(Increase)/decrease in inventories	22,339,366	(20,695,824)
	<b>37,061,799</b>	<b>100,182,287</b>
Less: Direct taxes paid (net of refunds)	-	(64,910)
<b>Net cash generated in operating activities</b>	<b>37,061,799</b>	<b>100,247,197</b>

**B. Cash flow from investing activities**

Acquisition of fixed assets	(25,260,955)	(1,002,022)
Movement in fixed deposits	6,483,101	(1,794,996)
Proceeds from sale of fixed assets	-	156,617
Interest received	257,172	-
<b>Net cash used in investing activities</b>	<b>(18,520,682)</b>	<b>(2,640,401)</b>

**C. Cash flow from financing activities**

Net repayment of short term borrowings	(10,677,025)	(20,393,964)
Repayment of long term borrowings	(22,224,671)	(105,722,259)
Proceeds from long term borrowings	17,906,947	-
Proceeds from issue of shares	-	50,000,000
Interest paid	(3,288,764)	(21,551,513)
<b>Net cash used in financing activities</b>	<b>(18,283,513)</b>	<b>(97,667,736)</b>

**Net Increase/(decrease) in cash and cash equivalents**

**A+B+C**      257,604      (60,940)

Cash and cash equivalents at the beginning of the year

89,137      150,077

Cash and cash equivalents at the close of the year

**346,741**      **89,137**

**D. Cash and bank balances as per balance sheet (refer note 17)**

1,704,579      8,847,321

Less: Bank deposits with maturity of more than 3 month but less than 12 months

(1,357,838)      (8,758,184)

**346,741**      **89,137**

**Note:**

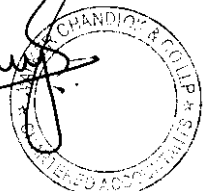
1 Figures in brackets indicate cash outflow.

This is the Cash Flow Statement referred to in our report of even date.

*Walker Chandiook & Co*  
For Walker Chandiook and Co LLP

Chartered Accountants

*Ashish Gupta*  
per Ashish Gupta  
Partner



Place: Gurgaon

Date: May 18, 2016

For and on behalf of the Board of Directors

*Om Prakash Aggarwal*  
Om Prakash Aggarwal  
Director

(DIN:01537211)

*M.K. Raghav*  
M.K. Raghav  
Chief Financial Officer

*Gaur*

*Rakesh Kapur*

Rakesh Kapur  
Managing Director  
(DIN:00100359)

*Manpreet Singh Batra*  
Manpreet Singh Batra  
Company Secretary

## Rico Jinfei Wheels Limited

### Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016

#### 1. CORPORATE INFORMATION

Rico Jinfei Wheels Limited ("the Company") was incorporated in July 16, 2007 as an unlisted public company under the Companies Act 1956, having registered office at 38 K.M. Stone, Delhi-Jaipur Highway, Village Khandsa, Gurgaon, Haryana-122001 and conducting its main activity through its Plant at 397, Sector 8, IMT Manesar, Haryana.

The main business of Company is to carry on business of designing, engineering, manufacturing, assembling, buying, selling, exporting, importing and dealing in wholesale & retail in wheels of all descriptions.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### i) Basis of preparation

The financial statements have been prepared on going concern basis under the historical cost basis, in accordance with the generally accepted accounting principles in India and in compliance with the applicable accounting standards as specified under section 133 of Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Companies Act, 2013. The accounting policies have been consistently applied by the Company.

##### ii) Use of estimates

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

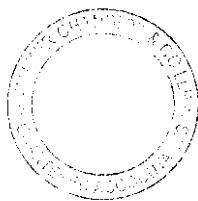
##### iii) Revenue recognition

###### a. Revenue from sale of goods

Revenue from sale of goods is recognised upon transfer of significant risks and rewards incident to ownership and when no significant uncertainty exists regarding realization of the sale consideration. Sales are recorded net of sales returns, rebates, trade discounts and price differences and are inclusive of excise duty.

###### b. Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.



**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**iv) Fixed assets and intangibles:**

*Tangible assets*

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use.

Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/capitalised with the related fixed assets.

**v) Depreciation and amortisation:**

Depreciation on building and plant and equipment is provided on the straight-line method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II. However for certain categories of plant and machinery depreciation is provided using straight line method over a period of 20 years

Depreciation on other fixed assets is provided on written down value method, computed on the basis of useful life prescribed in Schedule II to the Companies Act, 2013, on a pro-rata basis from the date the asset is ready to put to use subject to transitional provisions of Schedule II.

Dies are valued at cost less amortisation based on useful life of the items ascertained on a technical estimate by the management.

Depreciation on fixed assets acquired/ disposed off during the year is recorded on a pro-rata basis with reference to the date of acquisition/ disposal.

**vi) Inventories:**

Inventories are valued as follows:

*a. Raw materials and loose tools*

Lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

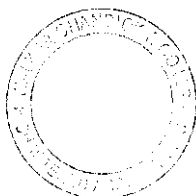
*b. Work in progress*

Work in progress is valued at cost up to stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

*c. Finished goods*

Finished goods are valued at lower of cost or net realizable value. Cost includes direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity. Cost of finished goods includes excise duty.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.



**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**vii) Employee benefits:**

Wages, salaries and bonuses are accrued in the year in which the associated services are rendered by employees of the Company.

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into a fund established under Employees Provident Fund and Miscellaneous Provision Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plan are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short term nature.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. The legal obligation for any benefits from this kind of plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The DBO is calculated annually by independent actuaries using the projected unit credit method. All actuarial gains and losses are recorded through the statement of profit and loss.

The liability for employees compensated absences is provided for in accordance with the rules of the Company and is based on actuarial valuations made using projected unit method at the balance sheet date. Actuarial gain and losses are routed through the statement of profit and loss.

**viii) Borrowings costs:**

Borrowing costs directly attributable to acquisition, construction or erection of fixed assets, which necessarily take a substantial period of time to be ready for the intended use are capitalised. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognised as an expense in the statement of profit and loss in the year in which they are incurred.

**ix) Foreign currency transactions:**

*a) Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*b) Subsequent recognition*

Foreign currency monetary assets and liabilities are reported using the closing rate as at the reporting date.

Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.



## Rico Jinfei Wheels Limited

### Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016

c) *Exchange differences*

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, are recognised as income or expense in the year in which they arise, except for exchange differences arising on long term foreign currency monetary items.

Exchange differences arising on long term foreign currency monetary items in so far as it relates to the acquisition of depreciable capital assets are added to the cost of such assets.

x) **Taxation**

Tax expense comprises current tax and deferred tax.

a) *Current tax*

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

b) *Deferred tax*

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, in a situation of brought forward losses and depreciation, deferred tax assets are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

xi) **Leases**

a) *Operating leases*

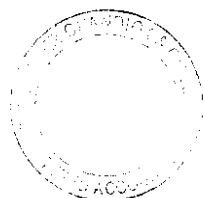
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

b) *Finance leases*

Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to statement of profit and loss on accrual basis.

xii) **Provisions and contingencies**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of economic resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may but probably will not require an outflow of resources. Disclosure is also made in respect of a present obligation that probably requires an outflow of resources, where it is not possible to make a reliable estimate of the related outflow. Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.





**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**xiii) Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, except where results would be anti-dilutive.

**xiv) Impairment of assets**

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.



**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>3 Share capital</b>		
<b>Authorised</b>		
73,000,000 (Previous Year 73,000,000) equity shares of ₹ 10 each	730,000,000	730,000,000
	<b>730,000,000</b>	<b>730,000,000</b>
<b>Issued, subscribed and paid-up</b>		
38,000,000 (Previous Year 38,000,000) equity shares of ₹ 10 each	380,000,000	380,000,000
	<b>380,000,000</b>	<b>380,000,000</b>

**a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**

	As at March 31, 2016 No. of Shares	As at March 31, 2015 No. of Shares
At the beginning of the year	38,000,000	33,000,000
Shares issued during the year	-	5,000,000
<b>Balance at the end of the year</b>	<b>38,000,000</b>	<b>38,000,000</b>

**b) Details of shares held by holding company**

	As at March 31, 2016		As at March 31, 2015	
	Number	%	Number	%
Rico Investments Limited ( immediate Holding Company )	35,525,000	93.49%	35,525,000	93.49%

**c) Terms/rights attached to equity shares**

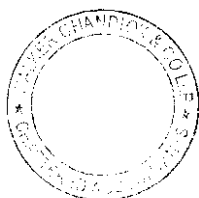
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after settling of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

**d) Details of shareholders holding more than 5% shares in the Company**

	As at March 31, 2016		As at March 31, 2015	
	Number	%	Number	%
Rico Investments Limited ( immediate Holding Company )	35,525,000	93.49%	35,525,000	93.49%
Zhejiang Jinfei Kaida Wheel Company Limited	2,475,000	6.51%	2,475,000	6.51%
	<b>38,000,000</b>	<b>100.00%</b>	<b>38,000,000</b>	<b>100.00%</b>

e) The Company has not issued bonus shares and also no share has been bought back during the period of five years immediately preceding the reporting period. However, during the year ended March 31, 2013, Company has issued 1,725,000 equity shares for ₹ 10 each to Zhejiang Jinfei Machinery Group Company Limited for consideration other than cash.

The above information is furnished as per the shareholder register as on March 31, 2016 and March 31, 2015 as the case may be.



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**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>4 Reserves and surplus</b>		
<b>Deficit in the statement of profit and loss</b>		
As per last balance sheet	(305,001,896)	(414,047,408)
Less: Additional depreciation as per Schedule II	-	(890,257)
Add : Profit/(Loss) transferred from statement of profit and loss	<u>(3,331,055)</u>	<u>109,935,769</u>
	<u><b>(308,332,951)</b></u>	<u><b>(305,001,896)</b></u>
<b>5 Long term borrowings</b>		
<b>Unsecured</b>		
Loan from holding company	<u>321,403,632</u>	<u>161,794,869</u>
	<u><b>321,403,632</b></u>	<u><b>161,794,869</b></u>
<b>A Secured loan from Axis bank</b>	<b>As at</b>	<b>As at</b>
<b>i Party name</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Axis Bank	-	3,224,671
Less: Current maturities of long term borrowings (refer note 10)	<u>-</u>	<u>3,224,671</u>
	<u>-</u>	<u>-</u>
<b>B Unsecured loan</b>	<b>As at</b>	<b>As at</b>
<b>i Party name</b>	<b>March 31, 2016</b>	<b>March 31, 2015</b>
Rico Auto Industries Limited - holding company	321,403,632	323,589,738
Less: amount disclosed under short term borrowing (refer note 8)	<u>-</u>	<u>161,794,869</u>
	<u><b>321,403,632</b></u>	<u><b>161,794,869</b></u>
<b>ii Terms of repayment</b>		
During the current year, terms of repayment of short term borrowings have been changed. As per the revised agreement, the term loan is extended to 10 years with a moratorium period of 4 years. Rico Auto Industries shall charge interest @ 11.20% p.a. after the moratorium period of 4 years.		
<b>6 Other Long term liabilities</b>		
Security Deposits	<u>468,963</u>	<u>-</u>
	<u><b>468,963</b></u>	<u>-</u>
<b>7 Long term provisions</b>		
Provision for employee benefits:-		
- Gratuity (refer note 29)	3,560,296	2,622,504
- Compensated absences	<u>1,481,065</u>	<u>1,015,936</u>
	<u><b>5,041,361</b></u>	<u><b>3,638,440</b></u>
<b>8 Short term borrowings</b>		
<b>Secured</b>		
From banks		
Working capital loans	12,365,079	4,634,921
Foreign currency loan from banks	-	17,314,128
<b>Unsecured</b>		
Loan from holding company, Rico Auto Industries Limited*	-	161,794,869
	<u><b>12,365,079</b></u>	<u><b>183,743,918</b></u>
<b>Security details and term of the loans</b>		
(a) Working capital limits are secured by exclusive first charge by way of hypothecation of current assets, both present and future, with Axis Bank Limited and second charge over the fixed assets, both present and future, of the Company.	12,365,079	4,634,921
(b) Buyer's Credit facility is taken from bank located outside India carries interest @ 'Libor + '68% to 1"'. These are secured against non-funding facilities sanctioned and guaranteed by Axis bank. This loan has been repaid during the current year.	-	17,314,128
	<u><b>12,365,079</b></u>	<u><b>21,949,049</b></u>

\* Refer note 5 above



**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>9 Trade payables</b>		
Due to micro, small and medium enterprises (refer note 38)	478,706	243,525
<b>Others</b>		
Other payables	39,973,455	121,447,641
Due to related parties (refer note 34)	27,877,766	66,108,575
	<u>67,851,221</u>	<u>187,556,216</u>
<b>10 Other current liabilities</b>		
Current maturities of long term borrowing ( refer note 5)	-	3,224,671
Interest payable	53,723	-
Statutory liabilities	635,540	2,890,799
Advance from customers	-	3,151,595
Payable for capital purchases	3,086,512	154,515
Employee related payables	5,010,178	3,519,422
Other payables	3,797,531	5,297,127
	<u>12,583,484</u>	<u>18,238,129</u>
<b>11 Short-term provisions</b>		
Provision for employee benefits:-		
- Gratuity (refer note 29)	183,001	53,489
- Compensated absences	45,141	25,992
	<u>228,142</u>	<u>79,481</u>

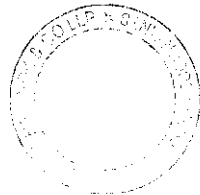


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Rico Jinfei Wheels Limited  
 Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016

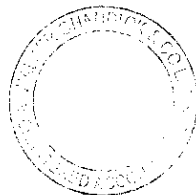
12 Fixed assets

Particulars	Gross Block			Accumulated Depreciation			Net Block		
	As at April 1, 2015	Additions during the year	Disposals during the year	As at March 31, 2016	As at April 1, 2015	Adjustment for Opening Dep. (As per Schedule II)	Charge for the year	As at March 31, 2016	As at March 31, 2015
<b>Tangible assets</b>									
Freehold land	39,822,488	-	-	39,822,488	-	-	-	39,822,488	39,822,488
Buildings	15,029,482	267,296	-	15,296,778	2,826,185	479,547	-	11,991,046	12,203,297
Plant and machinery	391,180,595	2,873,324	-	394,053,919	118,849,006	27,969,912	-	247,235,001	272,331,589
Furniture and fixtures	65,261	672,330	-	737,591	33,772	119,478	-	584,341	31,489
Tools and equipment	530,113	-	-	530,113	159,917	37,777	-	332,419	370,196
Office equipment	704,139	385,088	-	1,089,227	509,028	195,173	-	385,026	195,111
Computers	653,093	83,409	-	736,502	574,786	66,418	-	95,298	78,307
Vehicles	1,084,469	770,463	-	1,854,932	898,426	258,393	-	698,113	186,043
<b>Total</b>	<b>449,069,640</b>	<b>5,051,910</b>	<b>-</b>	<b>454,121,550</b>	<b>123,851,120</b>	<b>29,126,698</b>	<b>-</b>	<b>301,143,732</b>	<b>325,218,520</b>
Previous year	449,547,245	57,120	534,724	499,069,641	94,466,210	28,880,983	386,329	325,218,520	355,081,035



**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	As at March 31, 2016	(Amount in ₹) As at March 31, 2015
<b>13 Long-term loans and advances</b>		
(Unsecured, considered good)		
Security deposits	1,783,300	1,783,300
Capital advance	692,000	-
MAT recoverable	3,568,107	376,220
	<b>6,043,407</b>	<b>2,159,520</b>
<b>14 Other non-current assets</b>		
Bank deposits with maturity of more than 12 months (refer note 17)	917,245	-
	<b>917,245</b>	<b>-</b>
<b>15 Inventories</b>		
(valued at cost or net realisable value, whichever is less)		
Stores and spares	13,382,239	15,798,031
Raw material and components	14,553,939	16,338,870
Work in progress	19,332,086	21,171,858
Goods in transit	-	9,786,656
Traded goods	-	6,512,215
	<b>47,268,264</b>	<b>69,607,630</b>
<b>16 Trade receivables</b>		
Outstanding for a period exceeding six months from the date after which it becomes due		
Unsecured, considered good	-	4,675,113
Unsecured, considered doubtful	727,514	-
	<b>727,514</b>	<b>4,675,113</b>
Less: Provision for doubtful receivables	727,514	-
	<b>-</b>	<b>4,675,113</b>
<b>Other receivables</b>		
Unsecured, considered good	20,096,117	120,497,413
	<b>20,096,117</b>	<b>125,172,526</b>
<b>17 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand		
Balances with banks	34,641	35,412
In current account	312,100	53,725
	<b>346,741</b>	<b>89,137</b>
<b>Other bank balances</b>		
<b>Balances with bank held as</b>		
Bank deposits with maturity of more than 3 months but less than 12 months*	1,357,838	8,758,184
Bank deposits with maturity of more than 12 months (refer note 14)*	917,245	-
	<b>2,275,083</b>	<b>8,758,184</b>
Less : Amounts disclosed as other non-current assets (refer note 14)	917,245	-
	<b>1,704,579</b>	<b>8,847,321</b>
*Pledged with bank for issuing letter of credit.		
<b>18 Short term loans and advances</b>		
(Unsecured, considered good)		
Advances to suppliers	622,356	1,651,728
Loans and advances to employees	498,276	107,581
Prepaid expenses	15,931,098	854,397
Interest Accrued on fixed deposits	90,921	23,364
Balance with statutory/ government authorities on account of:		
Excise duty	28,505,451	47,134,633
Service tax	1,697,550	1,088,137
Sales tax	67,183	130,364
Others	255,239	1,259,788
	<b>47,668,074</b>	<b>52,249,992</b>



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016

	Year ended March 31, 2016	(Amount in ₺) Year ended March 31, 2015
<b>19 Revenue from operations</b>		
Sale of products (refer Note A)		
Finished goods	753,327,105	810,657,060
Traded goods	65,422,022	136,438,922
Job work income	4,581,348	2,214,794
<b>Other operating revenue</b>		
Scrap sale	8,600,331	11,782,054
	<u>831,930,806</u>	<u>961,092,830</u>
<b>A Details of product sold</b>		
<b>Finished Goods</b>		
Alloy wheels	753,327,105	810,657,060
<b>Traded goods</b>		
Alloy wheels	65,422,022	135,521,117
Others	-	917,805
<b>20 Other income</b>		
Interest income	257,172	889,432
Provisions/liabilities written back	-	125,541,803
Miscellaneous income	1,496,305	1,432,027
	<u>1,753,477</u>	<u>127,863,262</u>
<b>21 Cost of raw materials and components consumed</b>		
<b>Raw material and components</b>		
Opening Stock	16,338,870	7,873,776
Add: Purchases during the year	416,042,517	487,543,079
Less : Closing stock (refer note B)	14,553,939	16,338,870
Raw material and components consumed (refer note A)	<u>417,827,448</u>	<u>479,077,985</u>
<b>Note:</b>		
<b>A. Detail of major components of raw material consumption are as follows:</b>		
Aluminium	375,015,557	421,179,088
Others	42,811,891	57,898,897
<b>Total</b>	<u>417,827,448</u>	<u>479,077,985</u>
<b>B. Detail of closing stock of raw materials and components</b>		
Aluminium	11,941,199	12,765,790
Others	2,612,740	3,573,080
<b>Total</b>	<u>14,553,939</u>	<u>16,338,870</u>
<b>Cost of trading goods (imported alloy wheel)</b>		
Opening stock	6,512,215	6,426,893
Add: Purchases during the year	44,462,105	110,252,228
Less: Closing stock	-	6,512,215
	<u>50,974,320</u>	<u>110,166,907</u>
<b>22 Change in inventories of work in progress and traded goods</b>		
(a) Work-in-progress		
Opening stock	21,171,858	8,339,342
Closing stock	19,332,086	21,171,858
<b>Total (A)</b>	<u>1,839,772</u>	<u>(12,832,516)</u>
(b) Traded goods		
Opening stock	6,512,215	6,426,893
Closing stock	-	6,512,215
<b>Total (B)</b>	<u>6,512,215</u>	<u>(85,322)</u>
<b>Total (A+B)</b>	<u>8,351,987</u>	<u>(12,917,838)</u>
<b>23 Employee benefit expense</b>		
Salaries, wages and bonus	33,295,478	29,061,771
Contribution to provident and other funds	1,759,359	1,492,662
Staff welfare expenses	1,850,375	1,834,080
	<u>36,905,212</u>	<u>32,388,513</u>



**Rico Jinfei Wheels Limited**  
**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	<b>Year ended March 31, 2016</b>	<b>(Amount in ₹) Year ended March 31, 2015</b>
<b>24 Finance costs</b>		
Interest on borrowings	2,830,729	20,854,771
Exchange difference to the extent considered as an adjustment to borrowing cost	511,758	243,708
	<b>3,342,487</b>	<b>21,098,479</b>
<b>25 Other Expenses</b>		
Consumption of stores and spares	56,306,593	54,258,716
Power and fuel	74,448,287	79,201,503
Sub contractor expenses	33,972,966	40,465,067
Rent	16,584,000	16,584,000
Freight & Cartage - Outward	5,459,100	5,112,998
Provision for bad debts	727,514	-
Rates and taxes	223,940	1,865,624
Insurance	1,654,080	1,206,995
Travelling and conveyance	2,613,654	2,148,577
Legal and professional charges	1,362,569	895,353
Bank charges	1,364,504	2,545,597
Foreign exchange variation ( net )	424,994	-
Payment to auditors (refer note 25(a))	549,950	555,843
Sales promotion	81,236	127,754
Repairs & maintenance		
Buildings	20,450	393,707
Machinery	3,617,980	3,806,162
Others	232,378	186,645
Miscellaneous expenses	3,004,452	2,987,039
	<b>202,648,647</b>	<b>212,341,580</b>
<b>Note 25(a): Payment to auditors</b>		
As auditors*	500,000	500,000
Out of pocket expenses*	49,950	55,843
	<b>549,950</b>	<b>555,843</b>
* Excluding service tax		
<b>26 Earnings/(loss) per share</b>		
Profit/(loss) after tax	(3,331,055)	109,935,769
Face value of Equity share (Rs)	10	10
Weighted average number of equity shares for calculating basic EPS	38,000,000	33,013,699
Weighted average number of equity shares for calculating diluted EPS	38,000,000	33,013,699
Basic earning/(loss) per share	(0.09)	3.33
Diluted earning/(loss) per share	(0.09)	3.33



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**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**27) Contingent Liability:**

The Company had purchased a land of 20,475 sq. ft. from Haryana State Industrial and Infrastructure Development Corporation Limited (HSIIDC) in Bawal for ₹ 3.98 Crores in the year 2008-09 with a condition to start the manufacturing unit on the said land within the stipulated time. On August 30, 2013 Haryana State Industrial and Infrastructure Development Corporation Limited has sent a notice for taking back the possession of the land from the Company, due to delay in establishing the manufacturing unit, followed by many reminder letters from Haryana State Industrial and Infrastructure Development Corporation Limited. The Company had filed a petition with the High Court on December 17, 2013 and has obtained a stay order for the same. The matter is sub-judice with Hon'ble High Court of Punjab and Haryana at Chandigarh.

**28) Commitments**

	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
<b>Estimated amount of contracts remaining to be executed on account of</b>		
Capital commitments [net of advance ₹692,000 previous year (₹ 59,959)]	1,260,000	146,960

**29) Employment benefits**

**a. Provident fund and other funds:**

	(Amount in ₹)	
	Year ended March 31, 2016	Year ended March 31, 2015
Employer's contribution to provident fund	1,550,215	1,326,226
Employer's contribution to ESI	190,224	150,476

**b. Defined benefit plan**

**i. Change in defined benefit obligation-Gratuity**

		(Amount in ₹)	
		Year ended March 31, 2016	Year ended March 31, 2015
a)	Present value of obligation as at beginning of the year	2,675,992	1,652,000
b)	Current service cost	427,932	323,799
c)	Interest cost	209,172	152,810
d)	Benefits paid	(288,715)	(26,218)
e)	Actuarial loss/(Gain)	718,918	573,601
	<b>Present value of obligation as at end of the year</b>	<b>3,743,297</b>	<b>2,675,992</b>
	<b>-Current</b>	<b>183,001</b>	<b>53,489</b>
	<b>-Non Current</b>	<b>3,560,296</b>	<b>2,622,503</b>



**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**ii. Expense recognised in the Statement of Profit and Loss**

		(Amount in ₹)	
		Year ended March 31, 2016	Year ended March 31, 2015
a)	Current service cost	427,932	323,799
b)	Interest cost	209,172	152,810
c)	Net actuarial loss recognized	718,918	573,601
<b>Expenses recognised in the Statement of Profit and Loss</b>		<b>1,356,022</b>	<b>1,050,210</b>

**iii. The amounts to be recognised in Balance Sheet**

		(Amount in ₹)	
		As at March 31, 2016	As at March 31, 2015
a)	Present value of obligation as at the end of the period	3,743,297	2,675,992
b)	Fair value of plan assets as at the end of the period.	-	-
<b>Net liability recognised in Balance Sheet</b>		<b>3,743,297</b>	<b>2,675,992</b>

**iv. Assumptions used to determine the benefit obligations (gratuity and compensated absences):**

		Year ended March 31, 2016	Year ended March 31, 2015
a)	Discount rate	8.00%	7.80%
b)	Rate of increase in compensation levels	7.00%	7.00%

**v. Amounts for the current and previous years are as follows:**

		(Amount in ₹)				
S. no.	Particulars	Year ended				
		March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
1	Defined benefit obligation at the end of the period	1,061,000	1,561,000	1,652,000	2,675,992	3,743,297
2	Plan assets at the end of the period	-	-	-	-	-
3	Funded assets	-	-	-	-	-
4	Experience loss/(gain) adjustments on plan liabilities	167,873	(137,491)	20,770	166,422	791,780
5	Experience gain adjustments on plan assets	-	-	-	-	-
6	Actuarial gain/(loss) due to change in actuarial assumptions	-	-	-	-	-



Rico Jinfei Wheels Limited

Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016

30) Composition of imported and indigenous raw material

	Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
		Value (in ₹)	Percentage to total consumption	Value (in ₹)	Percentage to total consumption
1.	Aluminum alloy				
	-Indigenous	257,150,635	61.54%	325,953,722	68.04%
	-Imported	117,864,922	28.21%	95,225,366	19.88%
2	Other materials and components				
	-Indigenous	42,811,891	10.25%	57,898,897	12.08%
	-Imported	-	-	-	-

31) CIF value of imports

(Amount in ₹)

Sr. No.	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
1.	Raw Material	79,609,793	77,893,750
2.	Alloy Wheels	39,269,752	100,144,357

32) Expenditure in foreign currency

(Amount in ₹)

Sr. No.	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
1.	Interest on Buyer Credit	53,678	273,436
2.	Import of Materials	118,879,545	144,669,872

33) Earnings in foreign currency

(Amount in ₹)

Sr. No.	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
1.	F.O.B value of export	4,40,500	-

34) Related party disclosures:

A. Related parties:

Holding Company

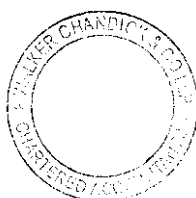
- i) Rico Investments Limited (immediate Holding Company)
- ii) Rico Auto Industries Limited (ultimate Holding Company)

Fellow Subsidiary companies

- i) Rasa Autocom Limited
- ii) Rico Aluminium and Ferrous Autocomponents Limited (formerly known as RAA Autocom Limited)

Parties where significant influence is exercised by key management personnel and/or his relatives

- i) Rico Castings Limited



**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**B. Key Management Personnel**

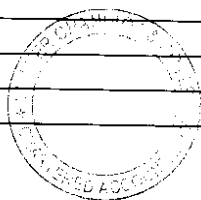
Details of Key Managerial Personnel are as under:

- i) Shri Rakesh Kapur, Managing Director
- ii) Shri Ashish Kumar Goel, Chief Financial Officer (upto July 8, 2015)
- iii) Shri Pulkit Bashin, Company Secretary\* (upto May 23, 2015)
- iv) Shri Mahesh Kumar Raghav, Chief Financial Officer (from September 15, 2015)
- v) Shri Manupreet Singh Batra, Company Secretary\* (from May 25, 2015)

\* as per Companies Act, 2013

(Amount in ₹)

	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
	<b><u>Holding Company</u></b>		
A	<b><u>Rico Auto Industries Limited</u></b>		
	<i>Transactions during the year</i>		
	Goods purchased	5,844,493	3,537,360
	Goods sold	195,186	365,568
	Assets purchased	-	1,026,348
	Job work expenses	-	165,885
	Job work income	18,130	1,325,006
	Interest Waiver	-	125,297,493
	Loan taken during the year	11,510,225	311,171,738
	Loan repaid during the year	13,696,330	180,206,705
	<i>Outstanding balances</i>		
	Loan outstanding	321,403,632	323,589,737
	Balance Payable	27,877,766	35,078,869
B	<b><u>Rico Castings Limited</u></b>		
	<i>Transactions during the year</i>		
	Job work expenses	4,487,221	4,061,012
	Administration, finance, production support service	72,532,411	78,505,543
	Rent expense	16,584,000	16,584,000
	<i>Outstanding balances</i>		
	Balance payable	-	31,416,592
	Advance recoverable	15,154,711	-
C	<b><u>Rico Investment Limited</u></b>		
	<i>Transactions during the year</i>		
	Share Capital issued	-	5,000,000
	Loan taken during the year	19,000,000	-
	Loan repaid during the year	19,000,000	-
	Interest accrued	1,019,952	-
	<i>Outstanding balances</i>		
	Interest payable	53,723	-
D	<b><u>Rasa Autocom Limited</u></b>		
	<i>Transactions during the year</i>		
	Goods purchased	555,067	524,771



**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

	Particulars	Year ended March 31, 2016	Year ended March 31, 2015
	Assets Purchased	1,380,090	-
	Goods sold	1,844,313	578,930
	Job Work income	3,065,049	889,059
	<i>Outstanding balances</i>		
	Balance recoverable, net	278,943	2,158,685
E	<b>Rico Aluminium and Ferrous Auto components Limited</b>		
	<i>Transactions during the year</i>		
	Goods sold	236,949	-
	<i>Outstanding balances</i>		
	Balance recoverable	-	-
F	<b>Key Management Personnel</b>		
	<i>Remuneration paid to key management personnel</i>		
	Ashish Kumar Goel	597,285	1,828,245
	Pulkit Bhasin	210,321	683,531
	Mahesh Kumar Raghav	1,244,777	-
	Manupreet Singh Batra	321,689	-

35) The Company's operating lease payments are due on cancellable premises taken on lease for operating activities. Aggregate rental expenses under operating leases amounted to ₹16,584,000 (previous year ₹16,584,000) for the year, has been charged to the statement of profit and loss.

**36) Details of un-hedged foreign currency exposure outstanding on March 31, 2016:**

The Company does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

Foreign currency exposures which are not hedged as at the Balance Sheet date are as follows:

	As at March 31, 2016		As at March 31, 2015	
	Amount (USD)	Amount (Rupees)	Amount (USD)	Amount (Rupees)
Loan	-	-	280,800	17,314,128
Trade Payable	35,339	2,337,430	498,817	30,757,033

\* Conversion rate: 1 USD = ₹ 66.14 (previous year ₹ 61.66)

37) Accounting Standard 17 "Segment Reporting" of the Companies (Accounting standards) Rules, 2006 requires the Company to disclose certain information about operating segments. The Company is managed as a single operating unit and therefore, has only one reportable business segment. Further, the operations of the Company are limited within one geographical segment. Hence the disclosure required by this standard is presently not applicable to the Company.



**Rico Jinfei Wheels Limited**

**Summary of significant accounting policies and other explanatory notes for the year ended March 31, 2016**

**38) Dues to micro, small and medium enterprises**

Particulars	(Amount in ₹)	
	As at March 31, 2016	As at March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	491,547	243,525
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	12,841	7930
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act.	-	-

- 39) The Company has accumulated losses of ₹ 308,332,951 as at March 31, 2016 (previous year ₹ 305,001,896), resulting in erosion of more than 50% of its net worth.

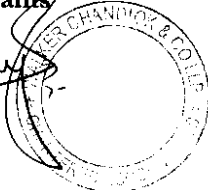
The management is in the process of implementing business plans to improve its operational performance. Further the parent, Rico Auto Industries Limited, has provided a financial support letter to the Company. Accordingly, these financial statements are prepared on a going concern basis.

- 40) Previous year figures have been regrouped and /or rearranged where considered necessary to make them comparable with the current year figures.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

*Walker Chandiook & Co LLP*  
For Walker Chandiook & Co LLP  
Chartered Accountants

*Ashish Gupta*  
per Ashish Gupta  
Partner



For and on behalf of Board of Directors

*Om Prakash Aggarwal*  
Om Prakash Aggarwal  
Director  
(DIN: 01537211)

*Rakesh Kapur*  
Rakesh Kapur  
Managing Director  
(DIN: 00100359)

Place: Gurgaon  
Date: May 18, 2016

*M.K. Raghav*  
M.K. Raghav  
Chief Financial Officer

*Manpreet Singh Batra*  
Manpreet Singh Batra  
Company Secretary

*Janu*